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Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 1—Tuesday, April 7, 1925

ORGANIZATION

COUNSEL

Mr. H. J. Symington, K.C., Winnipeg, appointed to assist the Committee.
Messrs. A. W. Atwater, K.C., of Montreal, George H. Montgomery, K.C., of
Montreal, and E. P. Flintoft, of Montreal, representing the steamship companies.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 268,

TUESDAY, April 7, 1925.

The Committee met at 10.45 a.m. o'clock for organization.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, and Stork—11.

On motion of Mr. Rinfret, seconded by Mr. Stork, Mr. McMaster was selected as Chairman of the Committee.

After thanking the Committee for the honour the Chairman read the following

ORDER OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, March 20, 1925.

Resolved, That the following Resolution be referred to a Special Committee:—

Resolved, That to give the Government of Canada control over certain ocean rates it is expedient to ratify and confirm the agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in the schedule to this resolution, and dated the eleventh day of December, one thousand nine hundred and twenty-four, and that in view of the provisions of said Agreement giving the Government control over such rates and of the services to be performed thereunder, the Governor in Council may authorize payment out of the Consolidated Revenue Fund to the said Sir William Petersen, K.C.B.E., of an annual amount of two hundred and seventy-five thousand pounds in the manner and for the period provided for in the said Agreement.

SCHEDULE

ARTICLES OF AGREEMENT

made this eleventh day of December in the year of Our Lord 1924,
BETWEEN

His Most Gracious Majesty King George V represented herein by the Honourable Thomas A. Low, His Majesty's Minister of Trade and Commerce for the Dominion of Canada, hereinafter called "the Minister," of the one part; and Sir William Petersen, Knight Commander of the British Empire, of the City of London in that part of the United Kingdom of Great Britain and Ireland called England, hereinafter called "the contractor," of the other part.

Whereas it having come to the knowledge of His Majesty's Government in Canada through repeated and continuous representations made by the agricultural community of the Dominion and the manufacturing, producing, commercial and financial interests as well as the general merchants throughout the country, that these trading communities and interests have been and are still seriously handicapped and hampered in their trade relations with overseas countries in bringing their products to such markets and there disposing of them profitably

owing to certain difficulties and disadvantages which have been artificially created, and it has been shown that such difficulties and disadvantages are due largely to transportation conditions and the uncertainty of ocean rates indiscriminately placed and imposed upon their goods so exported from time to time, such rates being levied by ocean shipping combines and under the control and jurisdiction of such combines or shipping conferences;

And whereas the consumers of Canada are also interested in the control of ocean rates charged on commodities shipped from British and European continental ports;

And whereas the Government of Canada after an investigation of the representations brought to its knowledge and after giving the same serious consideration has thought it wise to adopt such means as may be deemed expedient and necessary to exercise such supervision and control of trans-Atlantic freight rates as it is possible for them to do and thereby as far as possible to prevent and defeat any unreasonable excess or overcharge in ocean freight rates as exercised by such ocean shipping combines or conferences to the loss and detriment of its citizens and has reached the conclusion that in order to more fully safeguard the interests of its citizens it would be well advised to enter into an arrangement whereby it may exercise such control or supervision and whereby it may improve the conditions under which the products of its citizens are exported or imported;

And whereas the contractor has offered to supply a fleet of ten up-to-date new ships of the most modern type with all the latest known appliances for ensuring economy, speedy and cheap transportation and fitted in every respect for ocean service, some of which ships are now in course of construction and all of which are to be approved by the British Board of Trade and are to have the highest classification at Lloyd's and Bureau Veritas Shipping Registries, and the contractor is to furnish all particulars and details of such ships to the technical representatives of the Government, and have the same approved by them, such particulars and details being referred to more fully in Schedule "A" which forms part of these presents;

And whereas the contractor has offered to establish and maintain the said fleet of ships as aforesaid in the service hereinafter referred to for a period of ten years from the commencement of the said service or for any longer period that may be mutually agreed upon for an annual subsidy of two hundred and seventy-five thousand pounds (£275,000);

And whereas the Government of Canada offer to accept the same subject to ratification by Parliament and subject to the terms and conditions more particularly hereinafter set out;

Now this Agreement witnesseth that the contractor for and in consideration of the premises and of the covenants and agreements on the part of His Majesty hereinafter contained for himself, his executors and administrators,

Doth hereby covenant and agree to and with His Majesty, His Heirs and Successors in manner following, that is to say:—

1. That the contractor shall and will either personally or by a company which he may form (and it is hereby understood and agreed that this contract may be executed, performed and fulfilled by a duly incorporated company formed or to be formed by or at the instance of the contractor, which company when formed shall be accepted by His Majesty instead of and in lieu of and in substitution for the contractor, and which shall be hereinafter referred to as the "shipping company") :—

(a) Build, equip, provide, establish and during this contract, continue and in the manner hereinafter mentioned, operate a regular shipping service between such ports in Great Britain or Ireland or the Continent of Europe, and Canadian ports as may be designated by the Minister of Trade and Commerce for Canada or his representatives from time to time;

(b) Establish and continue and maintain and operate as hereinafter set out the shipping service hereinbefore referred to free from the control of and independent of the Atlantic Shipping Combine or Conference or any other combine or conference now in existence or which may be operated or established upon the Atlantic Ocean at any time in the future without the sanction of the Government of Canada;

(c) That such service shall be put in effect and maintained with ten ships as hereinbefore referred to and these shall be built and placed in operation with all possible despatch and shall be fully completed and put in service within eighteen months from the date of this Agreement (at least two of the same to be placed in service by August 1st, 1925) and pending completion of the same, other ships of modern construction properly equipped and of approximately the same tonnage shall be substituted and operated in the said service until the fleet in question is completely constructed and in operation, the said service to commence with at least six ships not later than June 15th, 1925;

(d) That the control and regulation of the rates to be charged by the contractor shall rest with the Government of Canada and that the Government shall fix such transportation rates on all commodities from time to time;

(e) Make proper provision for the carriage of perishable and partly perishable produce by means of cold storage facilities;

(f) Carry emigrants from Great Britain or the Continent of Europe at rates to be fixed by the Government and carry all Canadian mails free if and when the parties hereto agree upon the establishment of a passenger service or other steamers suitable for the carriage of emigrants in conjunction with and under the control of the shipping company.

2. And His Majesty for Himself, His Heirs and Successors hereby covenants and agrees with the contractor, his administrators and assigns that the contractor well and faithfully performing all and every the covenants, agreements and stipulations hereinbefore set forth and contained by the said contractor to be done and performed shall well and truly pay or cause to be paid to the contractor, his heirs, administrators and assigns during the continuance of this contract an annual subsidy of two hundred and seventy-five thousand pounds (£275,000) from and out of the Consolidated Fund or other proper moneys of the Dominion of Canada, the same to be paid and payable to the contractor at the City of London, England, in equal monthly instalments payable monthly at the end of each and every month (unless otherwise agreed upon between the contracting parties) in each and every year during the continuance of this Agreement, the first monthly instalment to become due and payable one month after the commencement of the service hereinbefore referred to (which shall not be later than June 15, 1925) and instalments monthly thereafter unless the parties hereto mutually agree upon other terms of payment.

3. And it is mutually covenanted and agreed between the parties hereto that the subsidy payable to the contractor in the preceding paragraph is based on the operation and maintenance of a service of ten ships and the subsidy aforementioned shall be increased or reduced as the case may be in proportion to the number of ships operated and maintained by the contractor in the service aforesaid from time to time and such increase or reduction of subsidy shall be added to or deducted from the monthly payments hereinbefore provided for in paragraph two.

4. And it is mutually covenanted and agreed between the parties hereto that the shipping services to be established by the contractor herein will co-operate and work loyally with the Canadian National Railways System and the fleet of ships operated by that system and under its control and known as the Canadian Government Merchant Marine.

5. And it is mutually covenanted and agreed between the parties hereto that should any of the ships in the service aforesaid be lost or disabled the con-

tractor shall have the privilege of substituting a modern ship of approximately the same tonnage for the ship lost or disabled until the same is replaced or repaired and put in service again as the case may be.

6. And it is mutually covenanted and agreed between the parties hereto that on receiving at least three months' notice from the Minister herein the contractor shall arrange to place additional ships up to the number of ten in this service on an increase in subsidy in proportion to the number of ships actually placed in service; the subsidy referred to in paragraph two being based on a service of ten ships; and the additional service to be put in effect within twelve months from the date of the receipt by the contractor of the notice aforesaid.

7. The contractor shall not convey or permit to be conveyed in any steamer while employed in this service any nitro-glycerine or any other articles which in the opinion of the Minister shall be considered dangerous.

8. If at any time after the expiration of the eighteen months mentioned in paragraph 1 (c) the contractor should fail to carry on the said service with the full complement of ten ships, the Minister may by notice in writing call upon him to supply the deficiency within a delay of three months, and in default of the contractor's doing so within such delay, the Minister may terminate the contract by notice in writing.

9. And the contractor covenants and agrees that the vessels in the said service shall prosecute all voyages made by them with all possible speed and despatch.

10. The Minister shall have the privilege at his option of entering into contracts for like purposes with any other contractor or contractors.

11. And it is mutually covenanted and agreed between the parties hereto that this contract is to continue in force for the full period of ten years from the time when the first service under the terms hereof is commenced; and the same may be extended for a further period of time and under such terms and conditions as the parties hereto mutually agree upon.

12. Except to the company to be formed by the contractor as hereinbefore provided for to whom this contract may be assigned no other assignment thereof either by the contractor or by the said company is to be or shall be made, nor any right nor interest therein without the consent in writing of the Minister having been first obtained.

IN WITNESS WHEREOF the Honourable Thomas A. Low, "the Minister", hath hereunto set and affixed his hand and seal as such and "the contractor" has hereunto set his hand and seal the day and year first above written.

C. D. MACAULAY.

THOS. A. LOW, [SEAL.]
Minister of Trade and Commerce.

WILLIAM PETERSEN, [SEAL.]

Province of Ontario } I, Charles Daniel Macaulay,
County of Carleton } of the city of Dawson,
To Wit } in the Yukon Territory,

Supreme Court Judge, make oath and say:—

1. That I was personally present and did see the within instrument and duplicate original thereof duly signed, sealed and delivered by the Honourable Thomas A. Low, His Majesty's Minister of Trade and Commerce for the Dominion of Canada, and Sir William Petersen, Knight Commander of the British Empire, the parties hereto.

2. That the said instrument and duplicate original were executed by the said parties at the City of Ottawa, in the County of Carleton.

3. That I know the said parties.

4. That I am a subscribing witness to said instrument and duplicate original.

SWORN before me

at the City of Ottawa
in the County of Carleton,
this 11th day of December,
A.D. 1924.

C. D. MACAULAY.

H. H. DONALD,

Notary Public.

SCHEDULE "A"

Particulars (without guarantee) of two corrugated open Shelter deck Motor vessels with Topgallant Fo'castle and Cruiser Stern building by Harland & Wolff Ltd. at Henderson's, Glasgow.

Class 100 A.L. and B.V.

Length overall 416' B.P. 400'

Breadth moulded 55' 6" corrugation 59'

Depth 28' 4" S.D. 37' 10"

Deadweight (including bunkers) 9,000 tons on 25'

Cubic capacity (abt.) 580,000 grain

Tonnage (approximately) 5,000 gross 3,500 nett

Capacity of Oil Bunkers 750/800 tons

Height of 'tween Deck 9' 6"

Bulkheads longitudinal and

9 Transverse steel bulkheads

Holds 5

Hatches 3 31' 6" x 20'

1 29' x 20'

1 27' x 20'

1 13' 4" x 10' 7½"

Engines B. & W. single 4 cycle Diesel

Horse Power Brake 1850 Ind. 2250

Dia. of Cylinders (six) 740 m.

Length of strokes 1500 m.

Speed about 11 knots on about 7½ tons oil.

Winches 8 3-ton, 3 5-ton, Electric

Electric Auxiliaries

One Ord. vert. Donkey Boiler

100 sq. feet heating surface

100 lbs. pressure

And subject to such modifications and alterations as may be agreed upon by the parties hereto, and on the proposed amendment thereto of Mr. Clark.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

TUESDAY, March 31, 1925.

Ordered, That a Special Committee consisting of Messrs. Black (Halifax), Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), Leader, McKay, McMaster, McMurray, Rinfret, Sinclair (Queens), Stevens, Stork, be appointed to consider the Resolu-

tion to give the Government of Canada control over certain ocean rates by confirming the agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said Resolution, or by any other method that offers effective control, with power to call for persons, papers and records and report from time to time.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

WEDNESDAY, April 1, 1925.

Ordered, That the name of Mr. Shaw be substituted for that of Mr. Leader on the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

On motion of Mr. McKay, seconded by Mr. Halbert,

Agreed, That the Chairman present a Report to the House recommending that the Committee be authorized by the House to have their proceedings and evidence printed from day to day for the use of the members of the Committee and that Rule 74 be suspended in reference thereto.

On motion of Sir Henry Drayton, seconded by Sir Eugene Fiset,

Agreed, That the Chairman present a Report to the House recommending that the Committee be granted leave to sit while the House is in session.

On motion of Mr. Johnston, seconded by Mr. Stork,

Agreed, That the Chairman present a Report to the House recommending that the reports on freight rates made by the Special Committee to inquire into Agricultural Conditions during the 1923 session be referred to the Committee.

On motion of Mr. Duff, seconded by Mr. McKay,

Agreed, That the Chairman present a Report to the House recommending that all reports, documents and other papers laid on the table of the House during the present session and referring in any respect to the Order of Reference to the Committee, be referred to the Committee.

On motion of Mr. Duff, seconded by Mr. Halbert,

Agreed, That the Clerk of the Committee secure before the next meeting of the Committee and have on the desks of the members, the following:—

Twenty-five copies of the Resolution referred.

Twenty-five copies of the Preston Report.

Twenty-five copies of the Drayton Report of 1913.

Twenty-five sets of the Report of the Agriculture Conditions Committee on 1923.

Twenty-five copies of the printed Reports of Correspondence laid on the Table of the House during the present session.

Twenty covers printed for daily reports.

Twenty folders for papers of members.

The Chairman announced that the Government had seen fit to appoint counsel to assist the Committee in the bringing out of the facts connected with this inquiry, and that Mr. H. J. Symington, K.C., of Winnipeg, had been appointed.

Messrs. A. W. Atwater, K.C., of Montreal, George H. Montgomery, K.C. of Montreal and E. P. Flintoft, of Montreal, appeared as counsel for the steamship lines.

At the request of the Chairman Mr. Symington addressed the Committee, suggesting that the steamship companies should come before the Committee and give evidence as to the steamship conferences, producing their documents and minutes, specifically the following:—

PRELIMINARY LIST OF MATERIAL TO BE FURNISHED BY THE STEAMSHIP LINES TO THE SPECIAL COMMITTEE

1. Names of all companies belonging to the North Atlantic U.K. Conference.
2. Names of their officers.
3. Names of their representatives in Canada.
4. Copies of any Agreements relating to the Conference and if any verbal agreements or arrangements a summary of them.
5. Rules and regulations of the North Atlantic U.K. Conference.
6. Rules and regulations of the North Atlantic Continental Conference.
7. Rules and regulations of the North Atlantic Westbound Conference.
8. Rules and regulations of the Canadian Liner U.K. Committee.
9. Rules and regulations of the Canadian Liner Continental Committee.
10. Any Agreement between members of Canadian Liner Committees.
11. Minutes of North Atlantic U.K. Conference Meetings, New York and/or Montreal, 1920-25.
12. Minutes of Canadian Liner Committee, 1920-25.
13. Minutes of Continental Liner Committee, 1920-25
14. Correspondence between Canadian Liner Committee and its members, 1920-25.
15. Correspondence and telegrams between Representatives of the Canadian Liner Committee and Secretary North Atlantic U.K. Conference, New York, 1920-25.
16. The same information and material relating to Conference on North Atlantic with respect to passenger traffic.
17. All minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conferences.
18. Names of members of the Pacific Coast Conference or Conferences.
19. Minutes of same, 1920-25.
20. Correspondence relating to same, 1920-25.
21. Names of any other Conferences to which any of the members of any North Atlantic Conference belongs.
22. List of boats owned or operated by each line in the North Atlantic Conference showing deadweight available for cargo, cubic capacity available for cargo and passenger capacity; their age, original costs; amount written off and present value.
23. Revenue manifests months of May, August, October and December in each year, 1912-1924.
24. All tariffs, including supplements and amendments issued by U.K. North Atlantic Conference, 1912-13 and 1920-24.
25. All tariffs of Westbound Commodities 1912-13 and 1920-24.
26. Copies of complete tariffs of rates charged from 1912-13 and 1920-24, east-bound and westbound.

27. Copies of any Agreements with Railway Lines with respect to ocean and railway traffic, divisions, etc.
28. Details of operating accounts of ships, 1912-1924, whether by voyage or by month.
29. This to set forth in detail various items and classes of expenditure, preferably copies of voyage sheets or journey books.
30. Balance sheets of companies with depreciation shown.
31. Revenue of receipts from wheat.
 " " " cattle.
 " " " commodities controlled by Conference.
32. Minutes of meetings of sub-committees of Canadian Liner Committee.
33. Balance sheet of International Mercantile Marine, 1913 and for the years 1922-23.
34. Typical voyage books showing actual earnings in 1913, 1922-23.

Discussion followed in which Sir Henry Drayton, Sir Eugene Fiset, Hon. Mr. McMurray and Mr. Duff took part. Messrs. Atwater and Montgomery also addressed the Committee.

The Chairman ruled as follows:—

RULING

"I presume it is my duty to direct the procedure of the Committee, and I would decide that Mr. Symington be given by the steamship companies the information he asks for at the earliest possible moment; that he be given whatever material they have ready, which he asks for, and that they prepare forthwith any material which they have not ready; . . . that they deliver to him for the use of himself and the Committee, just as soon as it is ready, the information asked for. I would like to say here that ample opportunity will be given for the examination, the cross-examination and the re-examination of Mr. Preston. I am informed that there are at present in Canada able and well-informed men, quite apart from the lawyers representing the steamship companies, and that these men are available to explain to us exactly the operation of those conferences, and of other conferences, so that we may all thoroughly understand the vast problem with which we are called upon to deal. There will, therefore, be plenty of material for several sittings of the Committee in hearing such evidence. Meanwhile, Mr. Symington will be able to get and to study, and the Committee will be able to get and to study the information which comes from the steamship companies themselves. I cannot think that this is unjust to the steamship companies, or that it is unjust for this Committee to examine the facts out of the books and out of the mouths of steamship companies. . . . That is the decision I give, subject, of course, to its being acceptable to the Committee."

Sir HENRY DRAYTON: Let us just see, Mr. Chairman, what that means. Is the ruling that the Conference is to have the right-of-way and call their witnesses at the next meeting?

The CHAIRMAN: Yes. I thought of having the next meeting on Wednesday, the 15th. I want the Conference to call a gentleman whose name Mr. Montgomery gave me, but which has escaped my mind for the moment. I understand he is secretary of some shipping board of trade. He will be able, I am informed, to tell us about the operation of all the conferences, which, I understand, have agreements with each other, so that the whole trade of the seven seas, so to speak, along certain lines, is more or less worked in combination. If I am wrong in my idea, the gentleman will correct me. If I am right in my idea, he will give us the details. I want to have a basis of fact so that we can properly appreciate the different isolated instances that come before us,

and I do not think we can properly appreciate the isolated instances unless we have some knowledge of the general scheme.

Discussion followed in which Sir Henry Drayton, Hon. Mr. McMurray and Mr. Duff took part. Mr. Atwater also addressed the Committee.

The CHAIRMAN: I presume that my ruling is not appealed from. I trust it is generally acceptable to the Committee. Now, Mr. Symington, I think we should endeavour, before we separate, to map out, as far as we can, the day's work for the next sitting of the Committee, so that there will be no delay. My own feeling is that Mr. Clemenson might be called, and be examined by you and make his own statement of the existence of these Conferences generally, and as to their operation.

Discussion followed in which Sir Henry Drayton and Mr. Duff took part; Messrs. Atwater, Montgomery and Symington also addressed the Committee.

The Committee adjourned at 12.35 o'clock p.m. to meet again at 11 o'clock a.m. on Friday, April 17, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 2—Friday, April 17, 1925.

EVIDENCE

Col. William I. Gear, Manager Robert Reford Co., Montreal.
Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of the
United Kingdom, London, England.

COUNSEL

Mr. H. J. Symington, appointed to assist the Committee.
Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,
C. R. MacKenzie, for the steamship companies.
Mr. H. H. Donald, for Sir William Peterson.

EXHIBITS

Filed by Col. William I Gear

No. 1. Names of all companies belonging to the North Atlantic U.K. Conference. (Read into evidence).

No. 2. Names of officers and Canadian representatives of all companies belonging to the North Atlantic U.K. Conference. (Note: Incomplete). (Not printed).

No. 3. Contained in Exhibit No. 2. (Not printed).

No. 4. Copy of agreement providing for the establishment of the Trans-Atlantic Association Freight Conferences with rules and regulations. (Not printed).

No. 5. Contained in Exhibit No. 4. (Not printed).

No. 6. Rules and regulations of the North Atlantic Continental Conference. (Not printed).

No. 7. Not yet filed.

No. 8. Minute *re* the establishment of Canadian Liner—U.K. Committee (read into evidence).

No. 9. Rules and regulations of the Canadian Liner Continental Committee. (Answer read into evidence).

No. 10. Contained in Exhibit No. 8.

No. 11. Minutes of North Atlantic U.K. Conference meetings, 1921-1925. (Not printed).

No. 12A. B. C. D. E. Minutes of Canadian Liner Committee 1920-1924. (Note: Minutes for 1925 to be filed). (Not printed).

No. 13. Minutes of the Continental Liner Committee. (Answer read into evidence).

No. 14. Not yet filed.

No. 15. Not yet filed.

No. 16A. Members of the North Atlantic Passenger Conference. (Not printed).

No. 16B. Atlantic Conference Agreement, F. 1. (Not printed).

No. 16C. Atlantic Conference Agreement, S. 1. Cabin and second class passenger business. (Not printed).

No. 16D. Atlantic Conference Agreement, T. 1. Continental third class passenger business. (Not printed).

No. 16E. Atlantic Conference Agreement, B. T. 1. British and Irish third class passenger business. (Not printed).

No. 16F. Minutes of Continental Passenger Conference, 1921-1924. (Not printed).

No. 16G. Minutes of Trans-Atlantic Passenger Conference, 1922-1924. (Not printed).

No. 16H. Atlantic Conference Agreement, S. T. 1. Scandinavian, Finnish and Icelandic third class passenger business. (Not printed).

No. 17A. Minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conference, 1921. (Not printed).

No. 17B. Decision in case of The Port Utilities Commission of Charleston, S.C., *et al* versus the Carolina Company *et al*. (Excerpts read into evidence.)

No. 18. Not yet filed.

No. 19. Not yet filed.

No. 20. Not yet filed.

No. 21. Names of other Conference to which any of the members of the North Atlantic U.K. Conference belong. (Incomplete). (Read into evidence).

No. 22. Not yet filed.

No. 23. Not yet filed.

No. 24A. Trans-Atlantic Freight Classification, dated 4-2-17. (Not printed).

No. 24B. Tariffs, including supplements and amendments, issued by the North Atlantic Conference. Parts I, II, III, IV, V, VI, VII and VIII.

No. 24C. Trans-Atlantic Freight Classification, supplement No. 1 issued November 6, 1913.

No. 25. Not yet filed.

No. 26. Contained in Exhibit No. 24B.

No. 27. Not yet filed.

No. 28. Not yet filed.

No. 29. Not yet filed.

No. 30. Not yet filed.

No. 31. Revenue of Receipts from Wheat, Cattle and Commodities controlled by the Conference. (Read into evidence).

No. 32. Statement *re* and list of names of sub-committee of Canadian Liner Conference. (Excerpt read into minutes).

No. 33A. Balance Sheet, International Mercantile Marine, 1913. (Printed as appendix to proceedings of to-day).

No. 33B. Report of International Mercantile Marine, 1922. (Balance sheet printed as appendix to proceedings of to-day).

No. 33C. Report of International Mercantile Marine, 1923. (Balance sheet printed as appendix to proceedings of to-day).

No. 34. Not yet filed.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 231,

FRIDAY, April 17, 1925.

MORNING SESSION

The Committee met at 11.00 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork.—12.

The Chairman read the following further

ORDER OF REFERENCE

TUESDAY, April 7, 1925.

Ordered, That the said Committee be authorized to have their Minutes of Proceedings and Evidence printed from day to day for the use of the Members of the Committee and that Rule 74 be suspended in reference thereto.

Attest

ARTHUR BEAUCHESNE,

Clerk of the House.

TUESDAY, April 7, 1925.

Ordered, That the said Committee be granted leave to sit while the House is in session.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, April 7, 1925.

Ordered, That the Reports on freight rates made by the Special Committee to inquire into Agricultural Conditions during the 1923 session, be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, April 7, 1925.

Ordered, That all reports, letters, documents and other papers laid on the Table of the House during the present session and referring in any respect to the Order of Reference to the said Committee, be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

COUNSEL N ATTENDANCE

Mr. H. J. Symington, K.C., Winnipeg, to assist the Committee.

Messieurs A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft, and C. R. MacKenzie, all of Montreal; for the steamship companies. Mr. H. H. Donald, of Toronto, for Sir William Peterson.

Mr. Montgomery stated that a considerable portion of the information asked for at the first meeting of the Committee had been secured.

Col. William I. Gear, Manager of the Robert Reford Company, Montreal, who was in attendance, was called, sworn and produced the following documents which were severally marked as Exhibits.

EXHIBITS

Filed by Col. William I. Gear

No. 1. Names of all companies belonging to the North Atlantic U. K. Conference. (Read into evidence.)

No. 2. Names of officers and Canadian representatives of all companies belonging to the North Atlantic U.K. Conference. (Note: Incomplete.) (Not printed.)

No. 3. Contained in Exhibit No. 2. (Not printed.)

No. 4. Copy of agreement providing for the establishment of the Trans-Atlantic Associated Freight Conferences with rules and regulations. (Not printed.)

No. 5. Contained in Exhibit No. 4. (Not printed.)

No. 6. Rules and regulations of the North Atlantic Continental Conference. (Not printed.)

No. 7. Not yet filed.

No. 8. Minute *re* the establishment of Canadian Liner—U.K. Committee (read into evidence).

- No. 9. Rules and regulations of the Canadian Liner Continental Committee. (Answer read into evidence.)
- No. 10. Contained in Exhibit No. 8.
- No. 11. Minutes of North Atlantic U. K. Conference meetings, 1921-1925. (Not printed.)
- No. 12. A. B. C. D. E. Minutes of Canadian Liner Committee 1920-1924. (Note: Minutes for 1925 to be filed) (Not printed.)
- No. 13. Minutes of the Continental Liner Committee. (Answer read into evidence.)
- No. 14. Not yet filed.
- No. 15. Not yet filed.
- No. 16A. Members of the North Atlantic Passenger Conference. (Not printed.)
- No. 16B. Atlantic Conference Agreement, F. 1. (Not printed.)
- No. 16C. Atlantic Conference Agreement, S. 1. Cabin and second-class passenger business. (Not printed.)
- No. 16D. Atlantic Conference Agreement, T. 1. Continental Third-class passenger business. (Not printed.)
- No. 16E. Atlantic Conference Agreement, B. T. 1. British and Irish Third-class passenger business. (Not printed.)
- No. 16F. Minutes of Continental Passenger Conference, 1921-1924. (Not printed.)
- No. 16G. Minutes of Trans-Atlantic Passenger Conference, 1922-1924. (Not printed.)
- No. 16H. Atlantic Conference Agreement, S. T. 1. Scandinavian, Finnish and Icelandic Third-class passenger business. (Not printed.)
- No. 17A. Minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conference, 1921. (Not printed.)
- No. 17B. Decision in case of The Port Utilities Commission of Charleston, S.C., *et al* versus the Carolina Company *et al*. (Excerpts read into evidence.)
- No. 18. Not yet filed.
- No. 19. Not yet filed.
- No. 20. Not yet filed.
- No. 21. Names of other Conferences to which any of the members of the North Atlantic Conference. Parts I. II. III. IV. V. VI, VII and VIII.
- No. 22. Not yet filed.
- No. 23. Not yet filed.
- No. 24A. Trans-Atlantic Freight classification, dated 4-2-17. (Not printed.)
- No. 24B. Tariffs, including supplements and amendments, issued by the North Atlantic Conference. Parts I, II, III, IV, V, VI, VII and VIII.
- No. 24C. Trans-Atlantic Freight classification, supplement No. 1 issued November 6, 1913.
- No. 25. Not yet filed.
- No. 26. Contained in Exhibit No. 24B.
- No. 27. Not yet filed.
- No. 28. Not yet filed.
- No. 29. Not yet filed.
- No. 30. Not yet filed.
- No. 31. Revenue of Receipts from Wheat, Cattle and Commodities controlled by the Conference. (Read into evidence.)
- No. 32. Statement *re* sub-committee and list of names of Canadian Liner Conference. (Excerpt read into Minutes.)
- No. 33A. Balance Sheet, International Mercantile Marine, 1913. (Printed as appendix to proceedings of to-day.)

No. 33B. Report of International Mercantile Marine, 1922. (Balance sheet printed as appendix to proceedings of to-day.)

No. 33C. Report of International Mercantile Marine, 1923. (Balance sheet printed as appendix to proceedings of to-day.)

No. 34. Not yet filed.

On motion of Sir Henry Drayton, seconded by Hon. Mr. McMurray,

Agreed, That the Chairman be and is hereby empowered to engage such actuarial and accounting assistance as he may deem necessary.

Witness retired.

The Committee adjourned at 1.05 o'clock p.m. to meet again at 4 o'clock p.m. this day.

AFTERNOON SESSION

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. McMaster, presiding, and with the same members of the Committee present as during the morning session.

Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of the United Kingdom, London, England, who was in attendance, was called, sworn, examined, cross-examined and retired.

The Chairman appointed Messrs. H. H. Donald and C. R. MacKenzie as an Editorial Committee to read the evidence from day to day and to notify the Chairman of any corrections which they think should be made.

Discussion followed in regard to procedure at future meetings of the Committee.

The Chairman gave the following

RULING

"My view is that one of the essential parts of this investigation is the establishment by steamship companies that the rates which they fix in collaboration one with the other, and without the concurrence of those persons who pay the rates, as being just and reasonable, and I propose directing the attention of the Committee in the first place to this feature of the case."

The Committee adjourned at 6.25 o'clock p.m. to meet again at 11 o'clock a.m. on Tuesday, April 21, 1925.

S. R. GORDON,

H. D. DEWAR,
Clerks of the Committee.

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY
COMPANIESSTATEMENT OF EARNINGS FOR YEAR ENDED DECEMBER 31, 1913, FROM THE OPERATIONS OF AMERICAN,
RED STAR, WHITE STAR, ATLANTIC TRANSPORT AND DOMINION LINES

Gross Voyage Earnings.....	\$ 47,519,404 48
Miscellaneous Earnings and Dividends.....	1,521,933 62
	<u>\$ 49,041,338 10</u>
<i>Deduct:</i>	
Gross Operating and General Expenses and Miscellaneous.....	39,474,290 53
Net Profit from Operation.....	<u>\$ 9,567,047 57</u>
Interest and Discount on Bonds.....	\$ 3,578,577 89
Interest on Loans and Advances.....	115,165 33
Income Tax.....	156,345 38
	<u>3,850,088 60</u>
Balance, being net profit for the year before providing for Depreciation on Steamships.	<u>\$ 5,716,958 97</u>

SURPLUS ACCOUNT

Balance of Earnings as above.....	\$ 5,716,958 97
Surplus, December 31, 1912.....	953,395 50
	<u>\$ 6,670,354 47</u>
<i>Deduct:</i>	
Amount Appropriated for Depreciation on Steamships.....	5,401,357 45
Surplus as per Balance Sheet.....	<u>\$ 1,268,997 02</u>

INTERNATIONAL MERCANTILE MARINE COMPANY
INSURANCE FUND—INCOME ACCOUNT—YEAR ENDED DECEMBER 31, 1913

	DOLLARS	STERLING, at 4.87½		DOLLARS	STERLING, at 4.87½
Gross Premiums paid into the Fund.....	\$1,677,186 89	£344,038 6 1	Lay-up and Cancellation Returns.....	\$ 150,258 52	£ 30,822 4 11
Interest Received....	73,459 84	15,095 15 3	Losses.....	648,833 89	133,028 4 0
			Premiums paid for Additional Insurance in Outside Companies.....	240,507 45	49,359 1 0
			Expenses.....	5 918 90	1,214 2 8
			Interest Paid.....	930 26	190 17 3
			Difference in Exchange.....	3,523 39	50 12 11
			Profit for the year at 4.85.....	700,674 32	144,468 18 7
	\$1,750,646 73	£359,134 1 4		\$1,750,646 73	£359,134 1 4

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the International Mercantile Marine Company for the year ended December 31, 1913, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year so far as they are known or can be estimated.

54 WILLIAM STREET,
NEW YORK, JUNE 10, 1914.

PRICE, WATERHOUSE & CO.,
Chartered Accountants

SPECIAL COMMITTEE

INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

CONSOLIDATED BALANCE SHEET,

ASSETS

CAPITAL ASSETS—

Cost of Properties:*

Balance at December 31, 1912.....\$ 185,989,974 25

Additions during year 1913; less property sold or gone out of
service.....6,432,335 65

\$ 192,422,309 90

Less—Reserve for Depreciation.....22,973,159 76

\$ 169,449,150 14

*Combined undertakings and their properties at cost to International Mercantile Marine Company in Bonds, Stocks and Cash.

Investments in other Companies:

Frederick Leyland & Co., Limited.....\$ 11,965,176 60

National Steamship Co., Limited.....473,996 18

Sundry Shipping and allied Companies, Exchange Memberships,
and Government Deposits.....2,878,001 23

15,317,174 01

Total Capital Assets.....\$ 184,766,324 15

CURRENT ASSETS—

Inventories.....\$ 870,864 10

Accounts Receivable.....2,158,929 48

Bills Receivable and Loans.....342,500 00

Interest Receivable and Accrued.....11,732 65

Agency Balances.....272,232 85

Marketable Stocks and Bonds.....572,494 00

Cash at Bankers, on Hand and in Transit.....2,541,576 62

Total Current Assets.....6,770,329 70

DEFERRED CHARGES TO PROFIT AND LOSS—

Open Voyage Accounts, Charges and Unexpired Insurance.....\$ 1,581,268 70

Improvements, Betterments and Heavy Repairs.....933,407 27

Discount on Bonds.....161,560 00

2,676,235 97

\$ 194,212,889 82

We have examined the books and accounts of the International Mercantile Marine Company and its Subsidiary Companies, comprising the American, Red Star, White Star, Atlantic Transport and Dominion Steamship Lines, for the year 1913, and we find that the Consolidated Balance Sheet of December 31, 1913, and the relative Statement of Earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the Cash and Securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for Bad and Doubtful Accounts Receivable and for all ascertainable Liabilities.

COMPANY AND CONSTITUENT COMPANIES

ATLANTIC TRANSPORT AND DOMINION LINES

DECEMBER 31, 1913

LIABILITIES

CAPITAL LIABILITIES—

Capital Stock:

Preferred*	\$60,000,000 00	
Less—in Treasury	8,269,029 45	
		\$ 51,730,970 55
Common	\$60,000,000 00	
Less—in Treasury	10,068,264 74	
		49,931,735 26

*Dividends unpaid since December 1, 1902.

\$ 101,662,705 81

Capital Stock of Constituent Companies outstanding:

British & North Atlantic Steam Navigation Company, Limited.	\$ 242 50
Mississippi & Dominion Steamship Company, Limited	1,455 00

1,697 50

Bonds and Debentures:

Four and One-half Per Cent Mortgage and Collateral Trust Gold Bonds	\$ 52,744,000 00
Five Per Cent First Mortgage Sinking Fund Gold Bonds	\$20,000,000 00
Less—Called or redeemed by Sinking Fund	\$ 2,020,000 00
In Treasury	98,000 00
	2,118,000 00

17,882,000 00

Debenture Bonds of Constituent Companies held by the Public.. 5,802,055 00

76,428,055 00

Loans on Mortgage..... 405,643 05

Total Capital Liabilities.....

\$ 178,498,101 36

LOANS, BILLS PAYABLE AND FOREIGN BANK OVERDRAFTS.....

4,495,221 91

CURRENT LIABILITIES—

Accounts Payable	\$ 4,252,254 12
Agency Balances	231,863 04
Interest Accrued	990,839 49
National Line—Current Account	397,399 94
Leyland Line—	39,626 81

Reserves:

For Liabilities	\$ 118,839 73
“ Insurance Claims	227,275 67
“ Outstanding Dominion Line shares	286 29
	346,401 69

Total Current Liabilities.....

6,258,385 09

DEFERRED CREDITS TO PROFIT AND LOSS.....

2,483,538 87

INSURANCE FUND—

Balance, January 1, 1913	\$ 507,971 25
Profit for year 1913	700,674 32

1,208,645 57

SURPLUS, as per Statement, page 12.....

1,268,997 02

\$ 194,212,889 82

The sum of \$5,401,357.45 has been set aside out of Surplus on account of Depreciation on Steamships.

Upon the above basis, we certify that in our opinion the Consolidated Balance Sheet is properly drawn up so as to show the true financial position of the Companies on December 31, 1913, and that the relative Statement of Earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

54 WILLIAM STREET,
NEW YORK, JUNE 10, 1914.PRICE, WATERHOUSE & CO.,
Chartered Accountants.

1922-1921-1920

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY COMPANIES

STATEMENT OF EARNINGS FOR THE YEARS ENDED RESPECTIVELY DECEMBER 31, 1922, DECEMBER 31, 1921, AND DECEMBER 31, 1920, FROM THE OPERATIONS OF THE AMERICAN, RED STAR, WHITE STAR, ATLANTIC TRANSPORT AND LEYLAND LINES AND DIVIDENDS FROM PARTLY OWNED COMPANIES

	1922	1921	1920
Gross Voyage Earnings	\$73,873,555 11	\$90,068,417 89	\$113,331,818 54
Miscellaneous Earnings.....	6,552,078 42	8,027,609 97	12,475,634 37
	\$80,425,633 53	\$98,096,027 86	\$125,807,452 91
Operating and General Expenses, Taxes and Miscellaneous Charges.....	74,158,388 60	85,064,107 60	110,387,584 45
	\$ 6,267,244 93	\$13,001,920 26	\$15,419,868 46
Fixed Charges.....	2,690,645 57	2,623,262 11	2,637,690 31
Profit for the year, before providing for Depreciation on Steamships.....	\$ 3,576,599 36	\$10,378,658 15	\$12,782,178 15

Profit for the Year 1922, before providing for Depreciation on Steamships, as shown above.....	\$3,576,599 36
Depreciation on Steamships for 1922.....	5,984,660 85
Loss for the Year 1922.....	\$2,408,061 49
Surplus December 31, 1921.....	31,714,135 73
	\$29,306,074 24

Deduct:

Dividends on I. M. M. Co. Preferred Stock:			
Declared	Paid	Rate	Amount
June 15, 1922	Aug. 1, 1922	3 %	\$1,551,750 00
Dec. 21, 1922	Feb. 1, 1923	1½ %	775,375 00
Surplus as shown by Balance Sheet, Dec. 31, 1922.....			\$26,978,449 24

INTERNATIONAL MERCANTILE MARINE COMPANY

INSURANCE FUND—INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1922

Gross premiums received by the Fund.....	\$3,402,905 64
Interest received.....	95,941 41
	<u>\$3,498,847 05</u>
Lay-up and Cancellation Returns.....	\$ 448,484 49
Premiums paid for Insurance with Outside Underwriters (Net).....	2,045,566 99
Reserve for Losses—1922 and previous years.....	265,000 00
Expenses and Taxes.....	61,015 76
Difference in Exchange.....	51,764 98
Profit for the Year.....	627,014 83
	<u>\$3,498,847 05</u>

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the International Mercantile Marine Company for the year ended December 31, 1922, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year, so far as they are known or can be estimated. The transactions in £ sterling are converted at the rate of \$4.64 per £.

PRICE, WATERHOUSE & CO.

56 PINE STREET,
NEW YORK, JUNE 16, 1923.

INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

CONSOLIDATED BALANCE SHEET

ASSETS

CAPITAL ASSETS—

Cost of Properties:*

Balance at December 31, 1921..... \$245,106,788 41

Additions during the year 1922, and advances on account of new
construction less steamships sold and gone out of service..... 16,188,624 62

\$261,295,413 03

Less—Reserve for Depreciation..... 59,417,643 59 \$201,877,769 44

*Combined undertakings and their properties at cost to
International Mercantile Marine Company in Bonds,
Stocks and Cash.Investments in Sundry Shipping and other Companies, Exchange Memberships and
Government Deposits..... 7,024,752 30

Total Capital Assets..... \$208,902,521 74

CURRENT ASSETS—

Inventories..... \$1,808,784 50

Accounts Receivable..... 8,483,049 52

Bills Receivable and Loans..... 485,000 00

Interest Receivable and Accrued..... 180,231 96

Agency Balances..... 655,373 20

Marketable Stocks and Bonds, etc..... 29,663,019 67

Cash at Bankers, on Hand and in Transit..... 7,572,086 99

Total Current Assets..... 48,847,545 84

DEFERRED CHARGES TO PROFIT AND LOSS..... 5,919,512 82

\$263,669,580 40

We have examined the books and accounts of the International Mercantile Marine Company and its subsidiary companies, comprising the American, Red Star, White Star, Atlantic Transport, and Leyland Lines, for the year 1922, and we find that the consolidated balance sheet of December 31, 1922, and the relative statement of earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the cash and securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for bad and doubtful accounts receivable and for all ascertainable liabilities. There is a contingent liability in respect of the guaranty by the Oceanic Steam Navigation Company of £600,000 debentures of a partly-owned subsidiary company.

1922

COMPANY AND SUBSIDIARY COMPANIES

ATLANTIC TRANSPORT AND LEYLAND LINES

DECEMBER 31, 1922

LIABILITIES

CAPITAL LIABILITIES—

Capital Stock:

Preferred*.....	\$60,000,000 00	
Less—In Treasury.....	8,275,000 00	
		\$51,725,000 00
Common.....	\$60,000,000 00	
Less—In Treasury.....	10,128,200 00	
		49,871,800 00

\$101,596,800 00

*Accumulated dividends unpaid, 43½%.

Capital Stock of Frederick Leyland & Co., Ltd., held by Public..... 26,432 50

Bonds and Debentures:

First Mortgage and Collateral Trust Six Per Cent. Gold Bonds.....	\$40,000,000 00	
Less—Retired by Sinking Fund.....	2,534,000 00	
		\$37,466,000 00

Debenture Bonds of Oceanic Steam Navigation Co., Ltd., held by Public..... 7,025,225 00

44,491,225 00

Loans on Mortgage..... 1,970,000 00

Total Capital Liabilities..... \$148,084,457 50

CURRENT LIABILITIES—

Loans, Bills Payable and Foreign Bank Overdrafts.....	\$ 3,826,131 98	
Accounts Payable, including Reserves for United States and Foreign Taxes.....	30,001,188 75	
Interest Payable and Accrued.....	630,325 00	
Agency Balances.....	246,267 08	
Preferred Stock Dividend Payable Feb. 1, 1923.....	775,875 00	
Reserve for Liabilities.....	7,596,859 03	
		43,076,646 84

MISCELLANEOUS RESERVES..... 32,057,153 41

DEFERRED CREDITS TO PROFIT AND LOSS..... 10,812,364 76

INSURANCE FUND—

Balance, January 1, 1922.....	\$2,033,493 82	
Profit for year 1922.....	627,014 83	
		2,660,508 65

SURPLUS, as per Statement on Page 12..... 26,978,449 24

\$263,669,580 40

The accounts of the British subsidiary companies are included in the consolidated statements at the Companies' standard rate of exchange, i.e., \$4.85 per £.

Upon the above basis, we certify that in our opinion the consolidated balance sheet is properly drawn up so as to show the true financial position of the Companies on December 31, 1922, and the relative statement of earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

56 Pine Street,
NEW YORK, JUNE 16, 1923.

PRICE, WATERHOUSE & CO.

INTERNATIONAL MERCANTILE MARINE COMPANY AND SUBSIDIARY
COMPANIES

STATEMENT OF EARNINGS FOR THE YEARS ENDED RESPECTIVELY DECEMBER 31, 1923, DECEMBER 31, 1922,
AND DECEMBER 31, 1921, FROM THE OPERATIONS OF THE AMERICAN, RED STAR, WHITE STAR,
ATLANTIC TRANSPORT AND LEYLAND LINES, AND DIVIDENDS FROM PARTLY OWNED
COMPANIES

	1923	1922	1921
Gross Voyage Earnings and Other Income.....	\$75,238,018 45	\$80,425,633 53	\$98,096,027 86
Operating and General Expenses, Taxes and Miscellaneous Charges.....	69,591,219 63	74,158,388 60	85,094,107 60
Fixed charges.....	\$ 5,646,798 82 2,618,726 31	\$ 6,267,244 93 2,690,645 57	\$13,001,920 26 2,623,262 11
Profit for the year, before providing for Depreciation on Steamships.....	\$ 3,028,072 51	\$ 3,576,599 36	\$10,378,658 15

Profit for the Year 1923, before providing for Depreciation on Steamships, as shown above.....	\$ 3,028,072 51
Depreciation on Steamships for 1923.....	5,579,800 46
Loss for the Year 1923.....	\$ 2,551,727 95
Surplus December 31, 1922.....	26,978,449 24
Surplus as shown by Balance Sheet, December 31, 1923.....	\$ 24,426,721 29

INTERNATIONAL MERCANTILE MARINE COMPANY

INSURANCE FUND—INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1923

Gross premiums received by the Fund.....	\$2,911,543 59
Interest received.....	126,052 52
	<hr/>
	\$3,037,596 11
	<hr/>
Lay-up and Cancellation Returns.....	\$ 417,204 28
Premiums paid for Insurance with Outside Underwriters (Net).....	1,758,611 19
Reserve for Losses.....	50,000 00
Expenses and Taxes.....	58,160 27
Difference in Exchange.....	81,436 71
Profit for the Year.....	672,183 66
	<hr/>
	\$ 3,037,596 11
	<hr/>

We have examined the above Statement of Earnings and Expenses of the Insurance Fund of the Mercantile Marine Company for the year ended December 31, 1923, and certify that the same is correct. Full provision has been made therein for all claims in respect of losses during the year, as far as they are known or can be estimated.

PRICE, WATERHOUSE & CO.

56 PINE STREET,
NEW YORK, JUNE 16, 1924.

INTERNATIONAL MERCANTILE MARINE

COMPRISING AMERICAN, RED STAR, WHITE STAR,

CONSOLIDATED BALANCE SHEET

ASSETS

CAPITAL ASSETS:

Cost of properties:

Balance at December 31, 1922.....\$ 261,295,413 03

Deduct—Difference between post-war cost of steamships and estimated normal value, which has been charged against Miscellaneous Reserves.....19,540,976 17

\$241,754,436 86

Additions during the year 1923, less steamships sold and gone out of service.....2,160,584 24

\$243,915,021 10

Less—Reserve for depreciation.....60,204,659 14

\$183,710,361 96

Investments in sundry shipping and other companies, exchange memberships and government deposits.....

7,288,329 44

\$190,998,691 40

SECURITIES DEPOSITED WITH MORTGAGE TRUSTEES FOR INVESTMENT IN NEW TONNAGE.....

3,166,093 78

CURRENT ASSETS:

Inventories.....\$ 1,575,810 70

Accounts receivable.....7,331,800 49

Bills receivable and loans.....876,053 52

Interest receivable and accrued.....72,803 71

Agency balances.....691,430 06

Marketable stocks and bonds.....21,313,830 24

Cash at bankers, on hand and in transit.....3,586,517 40

Total current assets.....35,448,246 12

DEFERRED CHARGES TO PROFIT AND LOSS.....3,606,395 85

\$233,219,427 15

We have examined the books and accounts of the International Mercantile Marine Company and its subsidiary companies, comprising the American, Red Star, White Star, Atlantic Transport, and Leyland Lines, for the year 1923, and we find that the consolidated balance sheet of December 31, 1923, and the relative statement of earnings for the twelve months ending that date have been correctly prepared therefrom.

We have verified the cash and securities by actual inspection or by certificates from the depositaries and we have satisfied ourselves that full provision has been made for bad and doubtful accounts receivable and for all ascertainable liabilities. The Oceanic Steam Navigation Company has guaranteed payment of £600,000 debentures of a partly owned subsidiary both as to principal and interest.

COMPANY AND SUBEIDIARY COMPANIES

ATLANTIC TRANSPORT AND LEYLAND LINES

DECEMBER 31, 1923

LIABILITIES

CAPITAL LIABILITIES:

Capital Stock:

Preferred*.....	\$60,000,000 00	
Less—In treasury.....	8,275,000 00	
		\$51,725,000 00
Common.....	\$60,000,000 00	
Less—In treasury.....	10,128,200 00	
		49,871,800 00
		<u>\$101,596,800 00</u>

*Accumulated dividends unpaid, 49½ p.c.

Capital stock of Frederick Leyland & Co., Ltd., held by public.....		25 705 00
Bonds and debentures:		
First mortgage and collateral trust 6% gold bonds.....	\$40 000,000 00	
Less—Retired by sinking fund.....	3,098,000 00	
	\$ 36,902,000 00	
Debenture bonds of Oceanic Steam Navigation Co., Ltd., held by public.....	6,144,465 00	
		43,046,465 00
Loans on mortgage.....		1,920,000 00
		<u>\$146,588 970 00</u>
PURCHASE MONEY OBLIGATIONS FOR TONNAGE, PAYABLE 1925 TO 1931.....		4,292,250 00

CURRENT LIABILITIES:

Loans, bills payable and foreign bank overdrafts.....	\$4,669,770 42	
Accounts payable.....	9,587,058 96	
Interest payable and accrued.....	616,605 00	
Agency balances.....	552,646 17	
Reserve for liabilities including United States and foreign taxes.....	10,037,329 63	
		<u>25,463,410 18</u>
RED CREDITS TO PROFIT AND LOSS.....		12,676,055 31

INSURANCE FUND:

Balance December 31, 1922.....	\$2,660,508 65	
Profit for year 1923.....	672,183 66	
		3,332,692 31
MISCELLANEOUS RESERVES.....		16,439,328 06

SURPLUS, as per statement on page 12.....	24,426,721 29	
	<u>\$233,219,427 15</u>	

The accounts of the British subsidiary companies are included in the consolidated statements at the Companies standard rate of exchange, i.e., \$4.85 per £.

Upon the above basis, we certify that in our opinion the consolidated balance sheet is properly drawn up so as to show the financial position of the Companies on December 31, 1923, and the relative statement of earnings is a fair and correct summary of the results of the operations for the twelve months ending that date.

56 Pine Street,
New York, June 16, 1924.

PRICE, WATERHOUSE & CO.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, April 17, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. I would like the Clerk of the Committee to enter upon the records that Mr. H. H. Donald, Barrister, of Toronto, appears to-day, representing Sir William Petersen. I might just make this preliminary observation, this is a hard room to hear in, so I will ask the witnesses to speak very plainly so that they may be easily heard by members of the Committee and others interested.

Mr. SYMINGTON, K.C.: Mr. Chairman, I think Mr. Montgomery has something to say about the questionnaire that was submitted to them on the first day. I would like to know how he is getting on with it.

Mr. MONTGOMERY, K.C.: We have already gathered together a considerable portion of the information asked for by my learned friend. It is a very simple matter to ask a question of this kind, but sometimes one question will involve a tremendous amount of work; more, I am sure, than my learned friend appreciates. I think perhaps my learned friend's questions can best be answered by putting in what we have, one at a time, and we can then discuss it.

The CHAIRMAN: That seems to be a reasonable suggestion, Mr. Montgomery.

Col. WILLIAM I. GEAR called and sworn.

By Mr. Montgomery, K.C.:

Q. Col. Gear, you are the representative of a number of lines, are you?—A. Yes.

Q. In particular, what lines?—A. The Cunard Line, the Anchor-Donaldson Line, the Donaldson Line, and the Thomson Cairn Line.

Q. You are speaking for the Robert Reford Company, are you not?—A. Yes.

Q. What is your position with the Robert Reford Company?—A. I am Vice President of the Robert Reford Company, Limited, agents for the before mentioned lines.

Q. Personally, I understand that your connection with the Conference is longer than that of any other representative in Montreal?—A. I think I am the oldest representative.

Q. For that reason you were applied to, to assemble some of the information that was asked for, and you have done so, have you not?—A. Yes, sir.

Q. In answer to question number one: "Names of all companies belonging to the North Atlantic U.K. Conference". Have you that information?—A. Yes, sir, with the exception of the Intercontinental Transports Limited, which will be subsequently received.

[Col. William I. Gear.]

Mr. MONTGOMERY, K.C.: Do you want these names read into the records or just listed? It is short, and it can be read.

Mr. SYMINGTON, K.C.: I think perhaps the names of the company should be read. I do not think we need to put in all the officers; simply the names of the companies belonging to the Conference.

The CHAIRMAN: I presume you had better mark these as exhibits?

Mr. MONTGOMERY, K.C.: It might be convenient, if I might suggest it, to have us keep the same numbers on the exhibits corresponding with the numbers on the questionnaire. They will be easily identified in that way.

The CHAIRMAN: All right.

Exhibit No. 1: Names of companies of N.A.-U.K. Conference.

The WITNESS: Shall I read the list?

The CHAIRMAN: If you please.

The WITNESS: The names of the companies belonging to the North Atlantic U.K. Conference are:

1. Anchor Line.
 2. Anchor-Donaldson Line.
 3. Bristol City Line.
 4. Canadian Pacific Steamships Limited!
 5. Donaldson Line.
 6. Cunard Line.
 7. Ellerman's Wilson Line.
 8. Furness Lines.
 9. Manchester Lines Limited.
 10. Head Line and Lord Line.
 11. International Mercantile Marine Lines.
 12. Inter-Continental Transport Services Limited
 13. Lamport & Holt Line.
 14. Thomson Line.
 15. American Merchant Line
 16. The Oriole Lines
 17. United States Lines.
 18. U.S. Shipping Board Fleet Corporation.
- } U.S. Shipping Board.

Mr. MONTGOMERY: I might just say a word in explanation of who the U.S. Shipping Board is. The U.S. Shipping Board manages the steamships and lines belonging to the American Government.

Mr. SYMINGTON, K.C.: I thought they were only operating companies—the operating managers.

The WITNESS: The Shipping Board is a member.

By Mr. Symington, K.C.:

Q. Look at Exhibit No. 1, the last four names: Are these four lines members, or are they the United States Shipping Board?—A. They are the members.

Q. The U.S. Shipping Board is not a member?—A. No; it is not a member individually.

Mr. MONTGOMERY, K.C.: We want to clear that up. The four operating lines which make up the U.S. Shipping Board group, that is to say, the American Merchant Lines, the Oriole Lines, the United States Lines, and the United States Shipping Board Fleet Corporation are all represented in the Conference?

The WITNESS: All represented in the Conference.

[Col. William I. Gear.]

By Mr. Montgomery, K.C.:

Q. Now, by question number two you asked for the names of their officers, and by question number three, the names of their representatives in Canada. We will take them together; it is more convenient.

Exhibit No. 2: Names of officers of Companies of N.A.-U.K. Conference.

Exhibit No. 3: Names of representatives in Canada of Companies of N.A.-U.K. Conference.

Mr. MONTGOMERY, K.C.: I assume it will not be necessary to read them; they are long lists.

The CHAIRMAN: No.

By Mr. Montgomery, K.C.:

Q. Question number four; "Copies of any agreements relating to the Conference, and if any verbal agreements or arrangements, a summary of them." If convenient, you may also treat with number five at the same time, which calls for rules and regulations of the North Atlantic U.K. Conference. What have you to say as to those two questions?—A. In regard to number five, there is no formal set of rules.

Mr. MONTGOMERY, K.C.: I draw Mr. Symington's attention to the fact that that is not the North Atlantic U.K. Agreement but is the only agreement which we have been able to find, and we produce it, such as it is, for your information. It really does not govern the freight tariffs at all. We have them for the others, but there is none for that particular Conference, I am informed.

Mr. SYMINGTON, K.C.: None for the North Atlantic and U.K.?

Mr. MONTGOMERY, K.C.: Perhaps it may clear the matter up now, which would lead to a better understanding, if I remark that there is nothing secret about any of these agreements. In the United States Shipping Board they all have to be filed in Washington; others will be produced, which we have here. As to these, in the 1916 Act there was a provision requiring the filing of all these agreements, and unless disapproved by the Board, or any particular clause being disapproved, they are valid, and do not fall under the operation of such acts as the Sherman Act, or any of these acts. They are all required to be filed. As regards this Conference: The North Atlantic U.S. East Bound Freight Conference: there was no agreement. The secretary could only find in Washington a declaration enumerating the lines which are parties to this Conference, and state they were in agreement upon freight rates. I have asked for a copy of the actual documents, so you will have all the official information upon it. That will come and will be available. We have some of the agreements by some of the other Conferences.

Mr. SYMINGTON, K.C.: My learned friend wrote me something to that effect and I answered him and wanted him to look it over carefully, because I have some information on the subject, and while I quite agree that my learned friend is giving us what he knows exists, I do know that in 1922, at all events, in the North Atlantic U.K. Conference the Furness-Withy Company were accused of some misdemeanours, and their answer was they could not find anything in the Conference Agreement which prevented them from doing those things, and a discussion took place, which indicates to me that there was an agreement of some kind.

Sir HENRY DRAYTON: Were there proceedings had?

Mr. SYMINGTON, K.C.: Yes, in the Conference. They were accused of a breach of this Agreement, and they said: "We do not so construe the Agreement," which indicates there must have been an agreement of some sort.

Mr. MONTGOMERY, K.C.: Perhaps my learned friend will show me the reference which he has made in order to clear up any misunderstanding there may be,

because certainly none of these lines party to this Conference, know of its existence, nor does the Secretary, nor does the Secretary of the Central Office. If he will show me the reference, no doubt we can clear the matter up. I think you will find that the information given is correct.

By Mr. Montgomery, K.C.:

Q. Does your answer cover question number five, which is: "Rules and regulations of the North Atlantic U.K. Conference," as well as written agreements?—A. Yes.

Mr. MONTGOMERY, K. C.: I may make a further explanation of that. My learned friend will no doubt find some of the things he is looking for in the minutes which will be produced, in answer to a subsequent questionnaire. Matters have come up for discussion which might well be called "Rules and Regulations" because minutes were made of it, and had their binding effect upon the Conference. Those have never been collected and codified, but information will be found in respect to those in the minutes. It is a bulky thing.

Mr. SYMINGTON, K.C.: I also notified my learned friend that it seemed to me there must be some rules and regulations in printing, because again there was difficulty over a breach of confidence in this Conference, and a discussion took place in the Conference. There is in the minutes of this Conference the following:—

"Each member is bound in honour to consider and maintain all questions and answers that may be considered or adopted in meetings or by correspondence in connection therewith, as sacred and confidential in the highest degree."

That, being a quotation, would seem to indicate there were rules and regulations.

Mr. MONTGOMERY, K.C.: Do you know what agreement you are quoting from?

Mr. SYMINGTON, K.C.: This say "The rules."

Mr. MONTGOMERY, K.C.: There are a great many Conferences.

Mr. SYMINGTON, K.C.: That is the North Atlantic Conference, at a meeting of the Conference held in April, 1922.

Mr. MONTGOMERY, K.C.: The reason I asked that question was that I notice these words occur in other Conference agreements which we are producing here, and it may be that the same phrase is quoted in the minutes of the North Atlantic. I have not checked that up. However, we can easily verify that after the adjournment, and not take the time of the Committee now.

By Mr. Montgomery, K.C.:

Q. Question number six: "Rules and regulations of the North Atlantic Continental Conference." As to number four, you have filed for what it is worth the only agreement we have been able to find?—A. Yes.

Sir HENRY DRAYTON: What is filed in regard to question five?

Mr. MONTGOMERY, K.C.: There are none. Such as there are will appear in the minutes themselves and will come in under a later question. It might be convenient to the Committee that I should point out that the Agreement which was filed is an old agreement of 1904, which was signed by the Lines of that date. The names have changed very considerably since then and my instructions are that none of the Lines which have entered the Conference since that time are parties to that agreement in fact, even its existence had been completely forgotten. It was not in Montreal; we obtained it from New York.

By Mr. Montgomery, K.C.:

Q. That is correct, Colonel Gear?—A. That is correct.

[Col. William I. Gear.]

Q. Question number six: "Rules and regulations of the North Atlantic Continental Conference." You have those, have you not, Colonel?—A. Yes.

Q. I would like to draw your attention to the fact that certain of the rules are marked "Not yet adopted or effective." That regulation hold good up to the present time?—A. Right up to the present time.

Q. One of them was a requirement for a cash deposit by the subscribing members—that is rule 14; rule 15 was an arbitration agreement; 16 was one of the withdrawal rules?—A. Yes.

The CHAIRMAN: Mr. Montgomery, were those number six rules limited to the North Atlantic?

Mr. MONTGOMERY, K.C. These are all complete and quite lengthy. I believe under rule 17 of this Trade Agreement the clause which my learned friend was quoting a few minutes ago appears:—

"Each member is bound in honour to consider and maintain all questions and answers that may be considered or adopted in meetings or by correspondence in connection therewith, as sacred and confidential in the highest degree."

That is the same clause to which he referred.

By Mr. Montgomery, K.C.:

Q. That agreement, with other like agreements, has been filed with the Department of Public Records in Washington?—A. Yes, it has been filed in Washington.

Q. Question number seven: "Rules and regulations of the North Atlantic West Bound Conference." I understand that has not arrived from England and there is nothing on this side?—A. No; we are getting that from England, and are expecting it in a boat or two.

Q. That is something the Conference on this side of the water have nothing to do with?—A. We have nothing to do with it, and have nothing to do with its conditions.

Mr. MONTGOMERY, K.C.: I assume the same Lines as operated from there would be in the West Bound Conference?

Mr. SYMINGTON, K.C.: Yes, I want to get that clear on the notes; the Robert Reford Company are not members, but the Lines they represent are members.

Mr. MONTGOMERY, K.C.: Yes; we are getting the information which will be made available, so we shall have it in fact, which will be better than to speculate about it.

By Mr. Montgomery, K.C.:

Q. You have written for full information?—A. Written for full information.

Q. And for copies of all the document?—A. Yes.

Q. Now, questions eight and ten refer to the Canadian Liner U. K. Committee, and read as follows: "Number 8: Rules and regulations of the Canadian Liner U. K. Committee," and "Number ten: Any agreement between members of Canadian Liner Committees."

The CHAIRMAN: What about number nine?

Mr. MONTGOMERY, K.C.: That is the Continental. I was grouping the two Canadian together, as it is answered by the same answer.

The CHAIRMAN: You are answering eight and ten together?

Mr. MONTGOMERY, K.C.: Yes; there are no agreements; that is why we answer them together. We have the minutes, though.

Exhibit No. 8.—Minute regarding C. L.-U. K. Committee.

Exhibit No. 10.—Ditto.

The WITNESS: Shall I read it?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Questions eight and ten:—

“ The Canadian Liner Committee was first established in September, 1918, at a meeting called by the Director General of the British Ministry of Shipping, for the purpose of interchanging ideas with a view to efficiency in loading and despatching of ships and dealing with matters of general interest.

“ Prior to this time, the Canadian Steamship Lines used to confer with one another individually.

“ There are no rules, regulations or written agreements.

“ Meetings are held weekly.”

Mr. MONTGOMERY, K.C.: We will file these so you will have ample opportunity of looking them over and asking any questions you like.

By Mr. Montgomery, K.C.:

Q. Question number nine: “ Rules and regulations of the Canadian Liner Continental Committee.” What have you to say as to that?—A. There are none.

Q. Is there a Canadian Liner Continental Committee?—A. No, there is not.

By Mr. Symington, K.C.:

Q. When did it cease?—A. I don't think we ever had one.

Q. You would know, Colonel. Did you ever have one?—A. Not that I know of.

Mr. MONTGOMERY, K.C.: No one I have asked has any knowledge of such a committee. They have a Canadian Weekly Committee.

Sir HENRY DRAYTON: Would it not be better to clear these things up as we go along? Has Mr. Symington anything to ask on that?

Mr. SYMINGTON, K.C.: Perhaps it could be cleared up in this way: The Committee which does meet every week and sometimes oftener, deals with Continental matters as well as with U. K. matters, does it not, Colonel?

The WITNESS: Not that I know of.

Mr. MONTGOMERY, K.C.: You will be given the entire minutes. I was wondering if there was any misunderstanding about that or anything we can clear up for you, because I have not been able to get any information about such a committee.

Mr. SYMINGTON, K.C.: I have been informed they did not discuss Continental matters separately.

Mr. MONTGOMERY, K.C.: The minutes are very full and voluminous and will be before you. There may be references in the minutes to Continental matters.

Mr. MONTGOMERY, K.C.: We do not need to speculate about that, because the minutes will be filed.

By Mr. Montgomery, K.C.:

Q. Question number eleven: “ Minutes of North Atlantic U. K. Conference Meetings, New York and or of Montreal, 1920-1925.” Will you produce those, Colonel?—A. I produce the complete files.

Sir HENRY DRAYTON: I think those should be identified in some way.

The CHAIRMAN: We had better number the sheets. Put them in as one exhibit and number the sheets.

[Col. William I. Gear.]

Exhibit No. 11.—Minutes of meeting N. A.-U. K. Conference New York-Montreal 1920-25.

The CHAIRMAN: The exhibit will bear the same number as the question bears, to which it has reference.

Mr. SYMINGTON, K.C.: There are some not filed as yet, so there will be some missing numbers.

By Mr. Montgomery, K.C.:

Q. Question twelve: "Minutes of Canadian Liner Committee 1920-25"; you have those, Colonel Gear?—A. Yes.

Mr. MONTGOMERY, K.C.: They are grouped by years, and the five years are here. We are producing the minutes separated into the years 1920, 1921, 1922, 1923 and 1924.

The CHAIRMAN: I would suggest we call them Exhibits numbers 12A, 12B, 12C, 12D and 12E.

Exhibits 12A.—Minutes referred to; 1920.

Exhibit 12B.—Ditto, 1921.

Exhibit 12C.—Ditto, 1922.

Exhibit 12D.—Ditto, 1923.

Exhibit 12E.—Ditto, 1924.

Mr. MONTGOMERY, K.C.: Thirteen. We were asked to produce the minutes of the Continental Liner Committee; I think we have already stated that there is no such committee.

The WITNESS: There is no such committee.

Mr. MONTGOMERY, K.C.: Fourteen and fifteen we have not been able to get together yet. That is a tremendous job; I have not seen a bit of it yet, and I do not think it is ready. We will get that at the earliest possible moment.

Mr. SYMINGTON, K.C.: May I explain to my friend that we do not want to be swamped with letters, but as I understand the procedure, when there is a rate change, New York notifies Montreal, and Montreal notifies these various members.

Mr. MONTGOMERY, K.C.: That is what you want?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: That more simplifies the matter, because you can understand that getting all this correspondence together would be a tremendous task.

Mr. SYMINGTON, K.C.: Just the correspondence as to rate changes.

The CHAIRMAN: Might I suggest the advisability, Mr. Symington, of asking Mr. Montgomery to produce letters in which they complain that one or the other is not maintaining rates.

Mr. MONTGOMERY, K.C.: You mean protests by one member?

The CHAIRMAN: Yes.

Mr. SYMINGTON, K.C.: For instance, if the Gulf Conference wanted to lower the rate, and the Canadian Conference protested and so on, just to show the method by which these conferences operated in respect to the rates.

Mr. MONTGOMERY, K.C.: Sixteen, you have asked a very general question there.

"The same information and material relating to Conferences of North Atlantic with respect to passenger traffic."

If my learned friend could simplify that question a bit, and reduce it down to what he really does want, it will be better, because that embraces every-

[Col. William I. Gear.]

thing that has gone before in respect to passenger conferences, which I had understood was rather secondary as far as this question was concerned. We want to get every bit of information you asked for, but on the other hand I am sure you would not want us to bring a mass of material you do not want.

Mr. SYMINGTON, K.C.: I think my learned friend's objection is very well taken. We do not want the evidence of the passenger conferences in existence, and we want particularly all correspondence, minutes, and so on with respect to immigration rates, division of immigration territory and so on, dealing with immigrants.

Mr. MONTGOMERY, K.C.: The agreements are readily available; they are matters of public record and anyone can get them. They have been such for numbers of years past, and are approved by the United States Board. We can easily get copies and will give them to you. Have you copies of those, Mr. Flintoft?

Mr. FLINTOFT: Yes.

Mr. MONTGOMERY, K.C.: I will give you all we have now, and anything else you want we will try to get for you, only please do not ask for more than you really require, because it is an awful job.

The CHAIRMAN: Mr. Montgomery, just before you proceed to another point, the clerk of the committee points out to me that this correspondence produced now, Number 12, goes down to apparently January 24, 1924.

Mr. MONTGOMERY, K.C.: I do not know; I have not checked it over myself.

The CHAIRMAN: There does not seem to be anything in 1925.

Mr. SYMINGTON, K.C.: 1925 is not here. It will be furnished, I understand.

Mr. MONTGOMERY, K.C.: Yes. You do not want the minutes referring to the appointment of counsel and so on?

Mr. SYMINGTON, K.C.: That is exactly what we want.

The CHAIRMAN: Now, Mr. Symington, we have fourteen and fifteen, have we?

Mr. SYMINGTON, K.C.: They will put in what they have, and it will be checked over, and we can see what is there. It is pretty hard to tell just now. As I understand it the 1925 correspondence is not here.

Mr. MONTGOMERY, K.C.: There is not any correspondence there; those are the minutes you are looking at, and they are just what I said they were, for 1920, 1921, 1922, 1923, and 1924.

Mr. SYMINGTON, K.C.: Well, we want 1925, please, because after all that is very important.

Mr. MONTGOMERY, K.C.: You might find something uncomplimentary in there.

Mr. SYMINGTON, K.C.: I have no doubt.

Mr. MONTGOMERY, K.C.: Now, sixteen. We will give you what we have.

The CHAIRMAN: This is in reply to what?

Mr. MONTGOMERY, K.C.: Number sixteen, Mr. Chairman.

The WITNESS: As far as we have it. It is a list of the North Atlantic Passenger Conference. Do you wish me to read it?

Mr. SYMINGTON, K.C.: I do not think so; it is a pretty long list, and I think we can take it that all the lines belong to it.

Mr. MONTGOMERY, K.C.: I have no doubt that even includes the Canadian Merchant Marine.

The WITNESS: It includes the Atlantic Conference Agreement F. 1, S. 1, S.T. 1, and the British and Irish third class passenger traffic.

Mr. SYMINGTON, K.C.: This, I suggest, will be Sixteen A, B, C, D, E and H.

Mr. MONTGOMERY, K.C.: We have here in addition to that a bundle of minutes—

Mr. SYMINGTON, K.C.: This is Sixteen yet, the Passenger Conference?

Mr. MONTGOMERY, K.C.: No, Seventeen.

Mr. SYMINGTON, K.C.: Have you no minutes of Sixteen?

Mr. MONTGOMERY, K.C.: I thought those were the minutes of Sixteen, but they are not.

The CHAIRMAN: Are we on Seventeen now?

Mr. MONTGOMERY, K.C.: I am dealing now with something with which Mr. Flintoft is much more familiar than I am.

Mr. FLINTOFT: I might say, sir, that this bundle as put in under Sixteen covers the minutes of the Continental Conference from September 15, 1921, to December 19, 1924. There have been three meetings during 1925—

The CHAIRMAN: Dealing with what subject, sir?

Mr. FLINTOFT: These are the minutes of the Continental Conference, put in under Sixteen F.

Mr. SYMINGTON, K.C.: That is passenger?

Mr. FLINTOFT: That is passenger. There have been three meetings since, but the minutes have not yet been formally confirmed. They will be confirmed in the course of the very near future, and copies can be supplied. Then there is also a bundle of minutes of the Trans-Atlantic Passenger Conference meetings, beginning April 18, 1922, up to and including October 31, 1924, filed as 16 G. There have been several meetings since, but the minutes have not yet been formally confirmed and as soon as they are confirmed they will be available. As far as the North Atlantic Passenger Conference is concerned, which is referred to in these agreements also, this conference has practically been inactive, as far as holding meetings is concerned, for over twenty years. The lines that are members of it are also members of the continental Conference, which is here, and the matters affecting these lines are dealt with in Continental Conference meetings. I think you will find that covers everything in respect of the passenger conferences, with the exception of these recent meetings, the minutes of which have not yet been confirmed.

The CHAIRMAN: It is understood that as soon as these minutes are confirmed, copies will be supplied?

Mr. FLINTOFT: Yes, we have no objection to supplying those. I might say, sir, that there are some minutes of Montreal meetings which, unfortunately, we have not extra copies of. I do not think Mr. Symington will find anything that is very heinous in those minutes, but we would be very glad to have him examine them, and if he does not require to have them filed, we would prefer to keep them, because they are the only records we have, and if they have to be filed we will have to make extra copies.

Mr. SYMINGTON, K.C.: I will look them over.

Mr. MONTGOMERY, K.C.: If you do not want them it will save a lot of work. Now I will take Seventeen.

“All minutes of joint meetings between North Atlantic Conference and South Atlantic and Gulf Conferences.”

The WITNESS: I have those, filed as *Exhibit No. 17A*.

Mr. MONTGOMERY, K.C.: As to that, it might be of information to the committee to know what is the status of what is known as the Tripartite Conference at the present time, because it no longer exists. It did exist until quite recently. The matter was gone into quite fully in the United States, it was a subject of litigation down there, and I have before me and will be glad to file if you wish, a copy of the decision which was rendered on the 20th of January, 1925. It is a very recent thing, and it will give you the status, as to why it went down, and why there is no longer that Tripartite Conference. Perhaps I will just read the heading of the judgment, and you will have the status at the present time. It is a case between the United States Shipping Board—

Mr. FLINTOFF: It is before them.

Mr. MONTGOMERY, K.C.: It was before the United States Shipping Board, the Port Utilities Commission of Charleston, S.C., against the Carolina Company and others, *Exhibit No. 17 B*, and the heading reads:—

“On Export Traffic to certain foreign destinations, existing differentials and rates not shown to unduly prejudiced South Atlantic ports in favour of North Atlantic ports, as alleged”;

That is the first. Then,

“maintenance of same rates from Atlantic and Gulf ports on so-called parity commodities not shown to constitute undue prejudice or unjust discrimination, as alleged.”

Then,

“Upon investigation, present rate adjustment between North Atlantic, South Atlantic, and Gulf ports to foreign destinations indicated not shown to be unduly prejudicial or unjustly discriminatory.”

Mr. SYMINGTON, K.C.: This is a law report which my learned friend is reading into the evidence.

Mr. MONTGOMERY, K.C.: “Tripartite Conference Agreement unfair as between carriers, and operates to the detriment of commerce of the United States.” And the finding is followed by an order which dissolved the Agreement to which the last minutes referred.

Sir HENRY DRAYTON: I think Mr. Montgomery might explain the functions of the United States Shipping Board.

Mr. MONTGOMERY, K.C.: I have here, and it would probably be a convenience to have it, the Shipping Act passed in 1916, which has been amended on several occasions since, and the Merchant Marine Act, which defines their functions. We will no doubt have occasion to refer to them. Insofar as it is relevant to the present enquiry, these proceedings were decided under section 15 of that Act. Under section 15 it is provided that “every common carrier by water, or other person subject to this Act, shall file immediately with the Board a true copy or, if oral, a true and complete memorandum of every agreement with another such carrier or other person subject to this Act, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or affairs, giving or receiving special rates, accommodations, or other special privileges,—” and so on; it is quite lengthy. “The Board may, by order, disapprove, cancel, or modify any agreement or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports,” and so on. Any such agreements are declared lawful until disapproved. Then as to new ones, “ones approved by the Board to be lawful.” The next is, “Every agreement, modification, or can-

cellation lawful under this section shall be excepted from the provisions of this list of anti-trust laws," and so on. These agreements we have filed have all been filed in Washington and have not been disapproved, and consequently are excepted from laws such as the Sherman Anti-Trust Law and so on. All that anti-trust legislation was done in the United States. Now, this particular suit that I have referred to was a complaint in which the Board was exercising its functions under this Act; it was called upon to disapprove or approve of certain clauses under the contract, and the practice in operation of this agreement. The matter was very fully enquired into and the Board decided, as regards some functions, that they were not unfair and were not against the interests of the shippers, and as regards others, that conference was declared to be unfair and was set aside. That is one of the important functions of the United States Shipping Board, to hear and decide all these questions.

Hon. Mr. McMURRAY: Do you know the personnel of that Board, and the officials?

Mr. MONTGOMERY, K.C.: I do not know them off-hand.

Mr. SYMINGTON, K.C.: We have that in the library, in their annual reports. The Act is there and the report is there.

Mr. MONTGOMERY, K.C.: They are functioning constantly and have supervision and control over all these conference agreements, not only over the agreements themselves but over the entire operation of all lines run under these conference agreements, and they are in a full position to approve or disapprove of anything which they may consider fair or unfair.

Sir HENRY DRAYTON: What is the reason for interjecting this judgment here? Does it affect any of our conferences here?

Mr. MONTGOMERY, K.C.: No, except that my learned friend asked for it in his questionnaire, as to questions between the North Atlantic, South Atlantic, and Gulf Conferences. He asked for the minutes, and we have produced them for what they are worth, the minutes of that Tripartite Conference, while it existed and at the same time I explained that that had been dissolved by this judgment.

Sir HENRY DRAYTON: If we are going to cover everything as well as our own work we will never get through.

Mr. SYMINGTON, K.C.: The reason I asked for that was to show what existed. I knew what the condition was; I happened to be in Chicago at one of their meetings, and they discussed matters between their conferences and fixed certain rates. It was an annual meeting, at which they laid down certain rules and regulations. My learned friend now says that conference has ceased to function.

Mr. MONTGOMERY, K.C.: I can assure my learned friend I did not know he had been in Chicago at one of the meetings; we are trying to get him every bit of information available and while personally we may consider it irrelevant, he has it now with the explanation that such as it was, it no longer exists.

As to 18, 19 and 20, they refer entirely to the Pacific Coast Conferences, and none of the liners operating in the Atlantic are members of it, or have any knowledge of it, excepting the Canadian Pacific Railway. They are the only ones who would have knowledge of it. I would prefer that Mr. Flintoft would give any explanation he wishes to make. I do not know whether you refer there to Pacific U.K. or the Far East. I do not suppose you are interested in the Far East.

Sir HENRY DRAYTON: We are nearly covering the world now; we might as well finish it.

Mr. SYMINGTON, K.C.: It is very easy to put in the names.

Mr. FLINTOFT: It was not very clear from the question, but there is no such thing as the Pacific Coast Conference. Mr. Symington now says he refers to the Oriental Far East one. We thought from this question that what he had in mind was some agreement in relation to the Pacific Coast U.K. trade, and there is no such agreement. I have here, however, the names of the lines who are parties to the Oriental agreement, and I can give them to the committee.

Mr. SYMINGTON, K.C.: We can probably shorten it with the names given, if my learned friend would make the statement that as far as traffic shipped from the Pacific Coast is concerned, the same practice is followed that is followed in the conferences that exist on the Atlantic.

Mr. FLINTOFT: That is too broad. As I have just explained, there is no agreement in the Pacific Coast U.K. trade.

Mr. SYMINGTON, K.C.: I mean the Oriental trade.

Mr. FLINTOFT: As far as the Oriental trade is concerned——.

Mr. MONTGOMERY, K.C.: I think you will find conferences in every nation and under every flag on the globe.

The CHAIRMAN: Unfortunately for the consumers, yes.

Mr. MONTGOMERY, K.C.: But not so in the shipping business. I mean, if there is any nation on the face of the earth that is trust-busting, it is the United States, and the United States has perhaps gone into this thing as fully as anyone. The matter has been very fully and very carefully gone into, and while they do exercise a certain degree of control, they frequently approve of the agreements and practices which are being followed out by their lines. I do not think you can get any stronger evidence than that.

Mr. SYMINGTON, K.C.: My learned friend is making an ex-parte statement, and I think we should get the material in.

Mr. MONTGOMERY, K.C.: I was making a statement in reply to the Chairman.

Mr. FLINTOFT: I suppose that the Chairman, as an agriculturist, knows that even the agricultural industry is, to some extent, in the same condition.

Mr. SYMINGTON, K.C.: Let us get the shipping ones first.

Mr. FLINTOFT: I have this on file, sir, and I will get a copy made, but in the meantime I will read the names and file the copy shortly. These are the names of the members of the Pacific West-bound Conference, as it is called. The Northern district has its headquarters, I may say, at Seattle, and comprises the Admiral-Oriental line, Blue Funnel line, Canadian Government Merchant Marine, Canadian Pacific Steamships Limited, Columbia Pacific Steamship Company, and the N.Y.K., a Japanese company whose name I will not attempt to pronounce, and the O.S.K.

The Southern District, with headquarters at San Francisco comprises the Pacific Mail Steamship Company, the Robert Dollar Company, Struthers & Barrie, and the Pacific Shipping Company. I might mention that all these lines, the Admiral, Oriental and Columbia Pacific Shipping Company, the Pacific Mail and Struthers & Barrie are all operating ships of the U. S. Shipping Board, and I understand that the U. S. Shipping Board has a representative attending these Conference meetings.

As to the minutes of these meetings to 1925 asked for: They are being obtained from the Pacific Coast; some delay has occurred in bringing them forward. They have to be obtained from Seattle.

Mr. SYMINGTON, K.C.: The Canadian Pacific is a member?

Mr. FLINTOFT: Yes.

Mr. SYMINGTON, K. C.: Do they not get the minutes?

[Col. William I. Gear.]

Mr. FLINTOFT: Yes, we have our record copy, but if it is agreeable, we would prefer to file the extra copy when it comes forward. As to the correspondence: I am informed that the correspondence in regard to the Pacific Conference is carried on between the Vancouver office and the Seattle headquarters. It is not available here, and is not assembled in the same way as the correspondence here with the various Atlantic Conferences. I understand the way they do out there is to carry on the correspondence in reference to various commodities, and they are all filed separately, and it practically means transporting the files of the Vancouver office down here, and I think, as far as effective action is concerned, the minutes will cover everything.

Mr. SYMINGTON, K.C.: We will look them over.

Mr. MONTGOMERY, K.C.: Are we so terribly interested in the Far East Conferences? I have noticed in references in the Press lately that some gentleman suggests a subsidy on the Pacific Coast similar to that on the Atlantic, but I do not think we are particularly interested in that now.

Mr. SYMINGTON, K.C.: All I can say is that the rates under the various arrangements reading to Canadian ports include the Pacific as well as the Atlantic. So far as this information is concerned, all I want to get before the Committee, if it is a fact, is the fact that the Conference meets out there and fixes rates, presumably the same way as the Atlantic Conference.

Mr. FLINTOFT: Generally speaking, that is a fact.

The CHAIRMAN: Is that satisfactory, Mr. Symington?

Mr. SYMINGTON, K.C.: When they file what they file I will look over the minutes and they may be perfectly satisfactory.

By Mr. Montgomery, K.C.:

Q. Question twenty-one: "Names of any other Conferences to which any of the members of any North Atlantic Conference belong". We have been doing our best to get that information, but to find out if any other member belongs to any other Conference is obviously information which can only be secured from headquarters. Colonel Gear, will you give us all the information you are able to obtain to date?—A. The Furness Withy & Co. Limited belong to the North Atlantic West Bound Freight Association, the Canadian North Atlantic West Bound Freight Concern, the Atlantic East Bound Freight Association and the Pacific Coast United Kingdom Conference. The Passenger Conferences include the Atlantic Conference, the North Atlantic Passenger Conference. The Thomson Line, the Cairn Line, and the Anchor-Donaldson, belong to the North Atlantic Freight Conference, the White Sea Conference, and the North Atlantic Freight Conference and Passenger Conference; the Donaldson Line belongs to the North Atlantic Freight Conference. The other lines we have not been able to get, but as soon as we do they will be filed.

Mr. SYMINGTON, K.C.: I suppose Mr. Flintoft can give us what the C.P.R. belong to.

Mr. FLINTOFT: I had nothing to do with the compilation of this information, but whatever relates to the C.P.R. is there and will be filed. We are not trying to hold anything back.

By Mr. Montgomery, K.C.:

Q. Question twenty-two: "List of boats owned or operated by each Line in the North American Conference showing deadweight available for cargo, cubic capacity available for cargo and passenger capacity; their age, original costs, amount written off and present value."

We are collecting information on that, but that is a tremendous order you have given us, and upon that I may want to have some understanding with you, Mr. Symington, as to certain matters there which are purely domestic, and really matters which should not be spread upon the records of this Com-

mittee, but it will be made available to you and you can look it over and then we will decide as between the Chairman and ourselves as to how matters should be handled.

The information is being secured.

Mr. SYMINGTON, K.C.: What information would you suggest under question twenty-two would hurt any of the companies?

Mr. MONTGOMERY, K.C.: I think we can discuss the matter better when we have it before us, such as the questions of "Amounts written off," and "present values." The question is not an easy one to answer because from the general information I have been able to get, although the records are not, as a rule, kept on this side, I learn that the reserve for depreciation is not allocated to specific boats; the practice is not uniform upon that point.

Mr. SYMINGTON, K.C.: You will submit it?

Mr. MONTGOMERY, K.C.: Yes. Many of them, when they can do so, make an appropriation from profits, when there are profits, to write down their fleet, and in many cases, I am informed, it is not specifically applied to boat A or boat B; they write down the depreciation of the fleet; some of them do specifically allocate that depreciation as between boats. Practices differ. I have not the information before me as yet, as it has to come out, like many other things, from England.

By Mr. Montgomery, K.C.:

Q Now, in regard to question twenty-three: "Revenue manifests months of May, August, October and December in each year, 1912 to 1924." I am sure, if my learned friend saw that—and I have invited him to see it—he would agree with me it would be impracticable and would serve no useful purpose to place these before this Committee. They are perfectly huge things.

In regard to question twenty-four: "All tariffs, including supplements and amendments issued by U.K. North Atlantic Conference 1912 and '13 and 1920 to '24?—A. I will submit these, sir.

The CHAIRMAN: Put them in as Exhibit No. 24.

By Mr. Montgomery, K.C.:

Q. Now, question twenty-five, still on the subject of tariffs: "All tariffs of West Bound commodities 1912 and 1913 and 1920 to 1924"?—A. That is to be obtained; we are getting that.

Mr. MONTGOMERY, K.C.: It is not available on this side of the water; it has to be obtained from the other side, where these tariffs are promulgated. They will be available to the Committee.

Number twenty-six. I take it, is to be a duplication of numbers twenty-four and twenty-five.

Mr. SYMINGTON, K.C.: I take it, Mr. Montgomery, that in these tariffs you are filing, as Sir Eugène (Fiset) pointed out, numbers twenty-four and twenty-five refer to commodities. I presume you will file the tariffs covering everything?

Sir EUGÈNE FISET: You said numbers twenty-four and twenty-five covered commodities only; number twenty-six would cover passenger rates as well. I think if you add to number twenty-six your passenger rates, you will complete the whole file.

Mr. MONTGOMERY, K.C.: Well, Sir Eugène (Fiset), I would have to check that to make a positive statement. I know we assumed that number twenty-six was a duplication of numbers twenty-four and twenty-five and I am glad to learn that my learned friend is of the same opinion. If there is anything that is not there, we can easily arrange to have it supplied.

[Col. William I. Gear.]

Mr. SYMINGTON, K.C.: I think I might state that I would like to get the complete tariff of emigrants and, perhaps, second and third-class West Bound.

The WITNESS: We have given you this, and anything missing will be supplied later.

Mr. MONTGOMERY, K.C.: Question number twenty-seven: "Copies of any Agreements with railway lines with respect to ocean and railway traffic, divisions, and so forth"? The information I have upon that is that there is no agreement with railway lines *re* East Bound traffic, unless my learned friend referred to that provided by the Railway Board, which is not an agreement.

Mr. SYMINGTON, K.C.: I do not want those.

Mr. MONTGOMERY, K.C.: So there is nothing East Bound of which we have any information. If there is anything of which my learned friend knows, or that he has in mind, I would be glad to have it looked up for him. As regards West Bound: there is an agreement between a line and the Canadian National Railways.

Mr. MONTGOMERY, K.C.: Question number twenty-eight: "Details of operating accounts of ships, 1912 to 1924, whether by voyage or by month."

Question number twenty-nine: "This to set forth in detail various items and classes of expenditure, preferably copies of voyage sheets or journey books," and number thirty is: "Balance sheets of companies with depreciation shown." I made a suggestion to my learned friend that perhaps we may deal with this at the time we are considering the manifests, and these can all be discussed at the same time. As regards these questions, numbers twenty-eight, twenty-nine and thirty, we found this information was exceedingly bulky; much of it was difficult to obtain from the other side.

Mr. MONTGOMERY, K.C.: Major Curry, who represents the White Star Line, informs me that it is the White Star-Dominion Line that has the agreement with the Canadian National Railways, and there is absolutely no reason why their name should be withheld.

Mr. JOHNSON: Mr. Chairman, I just wanted to ask Mr. Montgomery about questions four and five. In answering questions four and five he filed an agreement, and that agreement is dated 1904. Is the committee to understand that is the only agreement in evidence?

Mr. MONTGOMERY, K.C.: That is the only one in reference to the United States, except where you will find after a perusal of the minutes where something different has been done. My instructions are that that is the only general agreement and in fact that does not cover the particular subject matter we are on now. Perhaps it is confusing on my part. You will notice that the title is not that of this conference, but I brought it in order that we might show everything we had. As regards that particular conference, for one reason or another, it has never been reduced to an agreement, and in Washington when they were required to file all conference agreements, I am informed that all they were able to file was a declaration, an actual copy of which I will see is placed before the committee.

The CHAIRMAN: Just to return to the matter we were discussing, Mr. Symington, what have you to say to the suggestion that you and I spend part of the week-end going through the books of these companies to see whether we can find out what is required there, rather than have them brought to Ottawa? Of course, gentlemen, you will understand how much easier it would be for Mr. Symington if we had the books here. I am quite of the opinion that it would be unfair to divulge the business of one line to another line. We will not do that; we will work out some system whereby that will not be done. In an investigation conducted by a committee similar to this one some two years ago, the question of the costs of the sugar refiners was before us, and they made the

same objection to the production openly of their costs of manufacture. What we did in that case was to sit in camera; we had a representative from each large sugar refinery come before us, and they very frankly divulged their costs. These costs were not made known to their competitors nor to the public, but it did assist us in our deliberations. I would be very loathe to press any additional work on Mr. Symington, who will have his hands very full. It seems to me that as much as possible the lines, even at the cost of a little displacement of books, should be prepared to meet his desires in every possible way. However, there is no better plan to get people to help you than to show a readiness to help them, and if Mr. Symington is willing to spend some hours this week-end with me in some steamship offices, on Saturday afternoon, when we can have the run of the books with someone to show us where we can get the information we are seeking, I am quite willing to try it, but I would not like in any way to waive our rights to ask you to bring the books here. I merely make this suggestion because of Mr. Symington being in charge of the investigation in a way in which I am not.

Sir HENRY DRAYTON: I would make a formal motion that the Chairman be and is hereby empowered to engage such actuarial and accounting assistance as he may deem necessary.

The CHAIRMAN: Will someone second that?

Hon. Mr. McMURRAY: I will second that.

Motion agreed to.

Mr. SYMINGTON, K.C.: Does that give you the power to direct where the books are to go and so on?

Sir HENRY DRAYTON: We are to take that up next time.

Mr. MONTGOMERY, K.C.: You can get the report, and then you can tell us what books you want, without bringing them all.

Sir EUGENE Fiset: Is it true that such a compendium of information exists for all cases?

Mr. MONTGOMERY, K.C.: No, it does not. I may say to Mr. Symington that if he meets with some of the accountants we have in the room, they could decide in five minutes what we in the committee could discuss for five hours without getting any further. Five minutes' discussion will, I think, clear the thing between them.

Mr. SYMINGTON, K.C.: Then will we go on to the next item?

Mr. MONTGOMERY, K.C.: Thirty-one. "Revenue of receipts from wheat; revenue of receipts from cattle; revenue of receipts from commodities controlled by conference." We have given you a little more detailed information than you asked for.

Mr. SYMINGTON, K.C.: What about the balance sheets of the company?

Mr. MONTGOMERY, K.C.: That will go in with it.

The WITNESS: Here are the statements; these will go in, I presume.

Mr. MONTGOMERY, K.C.: What are the headings?

The WITNESS: "Statement of freight earnings on Manchester Line and Furness Line steamers, for calendar year 1924; White Star-Dominion Line, east-bound freight department; Canadian Pacific Steamships Limited, and statement showing revenue on commodities shipped during season 1924 as specified below by the Cunard line to London, Liverpool and Avonmouth; Anchor-Donaldson Line to Glasgow, Thomson-Cairn line to Leith and Newcastle."

The CHAIRMAN: Those are just certain of the lines?

Mr. SYMINGTON, K.C.: I think those are all the members of the Canadian Liner Committee.

[Col. William I. Gear.]

Sir HENRY DRAYTON: I think those should be printed in the evidence.

Mr. SYMINGTON, K.C.: I have not seen them, but I thought we could look over these things; some of them can go in and some may not. I expect we will want to read this.

Sir HENRY DRAYTON: There is not a bit of good expecting us to remember these things, and when you get hold of something which shows the result, we ought to have it in our minutes, in our evidence, so we will know where we are.

Mr. SYMINGTON, K.C.: May I suggest that is exactly what I am trying to avoid, that I intend to go over all these various productions and I will submit to the committee for their judgment the things which should be read into the record. These earnings can go in, if you want them.

The CHAIRMAN: It is just a question. It seems to me these earnings should go in, but perhaps if there are others which should go in as well, the earnings might follow.

Sir EUGENE Fiset: You are dealing with one special question, and the answer is complete. Why not put it in the proceedings?

The CHAIRMAN: Very well.

Exhibit 31: Statements of earnings.

STATEMENT OF FREIGHT EARNINGS ON MANCHESTER LINE AND FURNESS LINE STEAMERS, FOR CALENDAR YEAR 1924, ON:

Grain.. . . .	\$ 662,951 61
Lumber.. . . .	225,210 52
Flour.. . . .	38,984 93
Hay.. . . .	973 69
Cattle.. . . .	238,090 00
Balance.. . . .	1,076,784 93
	<hr/>
	\$2,242,995 68

WHITE STAR-DOMINION LINE

EASTBOUND FREIGHT DEPARTMENT—STATEMENT OF GROSS REVENUE

Year 1924—40 Cargo Steamers	Year 1924—37 Passenger Steamers
Grain.. . . . \$ 565,954	Grain.. . . . \$ 273,154
Lumber.. . . . 17,726	Lumber.. . . . 127,090
Flour.. . . . 52,043	Flour.. . . . 10,961
General.. . . . 557,953	General.. . . . 636,670
Cattle.. . . . 609,282	Cattle..
Hay.. . . . 1,700	Hay.. . . . 6,461
	<hr/>
Total \$1,804,658	Total.. . . . \$1,054,336

Grand Total Year 1924—77 Steamers, \$2,858,994.

CANADIAN PACIFIC SS. LTD.

STATEMENT of Gross Revenue on Exports of Grain, Flour, Hay, Lumber and other commodities to United Kingdom and Continental Ports, year 1924.

Commodity	Gross Earnings
Grain.. . . .	\$1,108,751 98
Flour.. . . .	391,102 00
Hay.. . . .	22,001 79
Lumber.. . . .	153,345 00
	<hr/>
	\$1,675,200 77
Other goods.. . . .	2,506,694 28
	<hr/>
Total earnings to United Kingdom and Continent.. . .	\$4,181,895 05

Number of sailings, 173.

Office of the General Foreign Agent, Montreal, April 15, 1925.

STATEMENT showing revenue on commodities shipped during season 1924 as specified below by the Cunard line to London, Liverpool and Avonmouth, Anchor-Donaldson line to Glasgow, Thomson-Cairn line to Leith and Newcastle.

Wheat.. . . .	\$1,870,114
Other Grain.. . . .	481,603
Flour.. . . .	538,838
Lumber.. . . .	197,408
Hay	13,393
Cattle.. . . .	217,069
Other commodities.. . . .	2,269,503.

Mr. MONTGOMERY, K.C.: Thirty-two calls for minutes of the meetings of a sub-committee of the Canadian Liner Committee.

The WITNESS: There is a committee of various members from the Canadian lines to deal with the question of grain. They meet generally three or four mornings a week and receive reports on the markets, visible supply, movement to seaboard, quantities in elevators and other matters pertaining to grain.

Minimum rates are arranged from time to time in order to stabilize the situation and if any lines require grain for their steamers they are at liberty to go into the market and book at any rate, by notifying the other lines to this effect. No minutes or records are kept of the meetings.

Sir EUGENE Fiset: Is that an especially selected committee for each case, or a standing committee?

The WITNESS: No, it is just a meeting of the parties interested in the grain trade.

Sir EUGENE Fiset: Always the same parties?

The WITNESS: The same.

Sir EUGENE Fiset: Have you the names?

Mr. MONTGOMERY, K.C.: The names of the representatives or the lines; which is it you would like?

Sir EUGENE Fiset: I would like the names of the men on this special committee.

Mr. MONTGOMERY, K.C.: Very well, I will see that you get the names of the lines and the names of the representatives. Now the last is number thirty-three. Balance sheets of the International Mercantile Marine for 1913, 1922 and 1923. I will produce these as Exhibit 33.

The WITNESS: Balance sheets of the I.M.M. have been asked for as of December 31, 1913.

Mr. MONTGOMERY, K.C.: You need not bother about this; you are not an officer of the International Mercantile Marine, are you?

The WITNESS: No.

Mr. MONTGOMERY, K.C.: I have just produced them.

Sir HENRY DRAYTON: I would like these balance sheets to be shown in the evidence. I think these balance sheets for the three years, showing net profits, ought to be shown.

Mr. MONTGOMERY, K.C.: That completes the list; thirty-four is a voyage account.

Exhibit 33: Balance sheets of International Mercantile Marine.

Mr. SYMINGTON, K.C.: That last item should have read, "Voyage accounts, International Mercantile Marine". Sir Henry Drayton wanted that.

Mr. MONTGOMERY, K.C.: I think that completes it. If there is anything my learned friend wishes that we have not got, I want to tell him it is our desire to put everything before the committee that we can. There may be a misunderstanding somewhere, and if there is we want to clear it up.

[Col. William I. Gear.]

The CHAIRMAN: We will have that last statement printed.

Mr. SHAW: What happened to the resolution proposed by Sir Henry Drayton.

The CHAIRMAN: I understood it was carried.

Mr. MONTGOMERY, K.C.: I have here the names of the Grain Committee, which was to be filed with the committee. I just wanted to see if this was what Sir Eugene Fiset wanted.

The CHAIRMAN: We will make that statement of the witness on the committee of the Canadian Liner Committee, and this list of names, Exhibit 32.

Exhibit 32: Statement and list of names of sub-committee of Canadian Liner Committee.

The CHAIRMAN: Now, Mr. Symington, what is the next step? It is nearly closing time, and we had better lay out our day's work for the next meeting.

Mr. SYMINGTON, K.C.: I understand there is a witness here, and my learned friend is to go ahead and call his evidence.

Mr. MONTGOMERY, K.C.: I understood there was to be just one exception to be made to the conduct of our own case in our own way, that we had to make out our own case before a complaint was made out against us. I take it that if we are to be put in that unfortunate position, having to answer charges that have not been proved, we can at least go about it in our own way.

The CHAIRMAN: Then when shall we meet again?

Mr. SYMINGTON, K.C.: It is for the committee to say. Mr. Cleminson is here.

Mr. MONTGOMERY, K.C.: Mr. Cleminson has prepared a memorandum, and it is for the committee to say whether he can read that over, he can give you a copy of that, give the Chairman a copy, and he can be examined on it.

Sir HENRY DRAYTON: How would it be for him to file a copy of that now, and we could examine him upon it later. It will save time.

The CHAIRMAN: I know I will not have time to read it before we meet again.

Mr. MONTGOMERY, K.C.: As it will not be upon the record, I have not sufficient faith in my fellow men to believe that many would read it. He will have an explanation to make as well.

The witness retired.

The committee adjourned.

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order.

Mr. MONTGOMERY, K.C.: The Committee has expressed a desire to hear Mr. Cleminson, and he is here. I think he has a memorandum prepared and has handed it to you.

The CHAIRMAN: Yes.

Henry Millican Cleminson called and sworn.

By Mr. Montgomery, K.C.:

Q. Mr. Cleminson, will you explain to the Committee who you are, whom you represent, and why you are here? I do not mean in the room, because you are here at the invitation of the Chairman, but what is your interest in this?—A. I would like to say, Mr. Chairman, first of all, that I am very glad

to be here because on the distaff side I am a Canadian; I married a Canadian lady in 1917.

I am General Manager of the Chamber of Shipping of the United Kingdom. For many years I was a member of the firm of shipping lawyers of Bothwell & Birch, of London.

The Chamber of Shipping is a body incorporated by Royal Charter, representing the greater portion of the shipowners of the United Kingdom. It is fully representative of the tramp shipowners and partly representative of the liner owners, but it does not represent some of the most important liner companies, including the Cunard and the White Star Lines. Its objects in shipping correspond to those of a Chamber of Commerce, or, as it is called in Canada, The Board of Trade.

When my Chamber heard of the reports in this country suggesting that the North Atlantic Conference was a combine, and was making extortionate charges, and the Canadian Government felt it necessary to take steps to control rates, my Chamber felt that it was of the very greatest importance that you here should have the fullest possible information, in order that you might judge whether that was so or not. Therefore, my Chamber, after communicating with the Lines who are members of the Chamber, and with those who are not, through the Liverpool Association, asked the British Government to arrange for a searching investigation by the Imperial Shipping Committee. That Committee was suggested because it is a committee set up at the instance of the dominions, and I gather from the proceedings that I have read that Canada took a leading part in asking for that Committee to be set up. Sir Henry Drayton is smiling, and I know he was perhaps more instrumental than anyone in getting it set up. The Government replied that they had already decided to set up this Committee, and my Chamber felt it would have, at any rate, this advantage, that the shipowners could here, in the very centre of Canada, tell you the whole facts. Now, sir, the Canadian Government in making that reply invited the Chamber of Shipping to be represented, and my Chamber, therefore, communicated with the Lines concerned, and they willingly accepted the suggestion to come here, and at a later date the Council of the Chamber of Shipping readily accepted your invitation that the Chamber should be represented. You understand, sir, that the Chamber is not representing the lines in this inquiry. Counsel are here representing the particular lines interested in the Canadian trade, some of whom—but not all—are members of the Chamber. I represent the Chamber of Shipping, which represents most of the tramps and some of the liners.

Now, sir, the other thing we did was this: Reading from the report of Sir Henry Drayton and the other reports which we had seen, we felt that the essential thing here was to give you the whole of the facts showing the profits we are making, or rather, the profits which the shipowners are not making. That is the crux of the whole position. One of the first things I did on my arrival in Canada was to ask Mr. Montgomery what was the meaning of the word "combine" in Canada. In England it is rather a term of abuse, and people who are called "combines" are very apt to resent it, and claim they are not "combines." I looked at the Sections of your Criminal and Civil Laws, and I saw that the essence of a "combine" in Canada shows it to be an association which "by its combinations does exact an undue price or an unreasonable price." In this case our service is freight, and therefore the applications in this case would be to freight. I think the essence of the question is whether the shipowners are or are not exacting from commerce an undue or unreasonable price.

By Mr. Symington, K.C.:

Q. Where did you say that definition was found?—A. From the Codes. Now, sir, I should like to draw the attention of this Committee to this fact,

[Mr. H. M. Cleminson.]

that, although only a very small proportion of the British Mercantile Marine is engaged in the trade in Canada, I think it has been stated at 4 per cent, the question before this Committee is one of vital importance, not only to the trade of the United Kingdom as well as Canada, but to the whole shipping industry. Before the war British shipping represented approximately one-half of the whole shipping of the world. If we had only had enough shipping to serve the Empire, we should only have had one-quarter or one-fifth of what we did have. We know perfectly well that during the war we came very near to losing it, because we have not got quite enough shipping. I said that before the war we had 50 per cent of the tonnage of the world, or approximately so, but I am sorry to say that to-day we only have approximately one-third.

By the Chairman:

Q. May I interject a question there? Is that due to Great Britain having less, or to other countries having more?—A. We have practically the same. I think we had 40,000 tons before the war, therefore it is due to the fact that other countries have got more.

By Mr. Rinfret:

Q. Will you state which countries have more?—A. I think I have it in the Annual Report of Shipping. I think nearly all the countries have increased.

The CHAIRMAN: The United States has increased very largely.

Sir HENRY DRAYTON: That is where the big difference is.

The WITNESS: I will make a note of that question and will try to answer it at some other time. If account was taken of all the tonnage on the seas that exists, the proportion would be a little less than 33 per cent; that is, our proportion would be less. In that estimate I have made some allowance for ships which we do not believe will ever sail the seas. At the present moment three-quarters of a million tons of shipping is laid up in the ports of the United Kingdom. Now, the effect of charges made in this country is very far-reaching. In the British Empire Parliament—I have a copy of *Hansard* here for the 17th of February, 1925—this is one of the questions put to the President of the Board of Trade: “Mr. Johnson”—I do not know who Mr. Johnson is—“asked the President of the Board of Trade whether he is aware that there is a North Atlantic Shipping Combine directed by British Capitalists, and that this combine is charging rates to Great Britain as high as 700 per cent over the rates of 1910?”. There are other questions, all showing that a considerable misapprehension exists in the minds of those who are in a position to do harm. I do not propose to do more than endeavour to give you, if I may, some conception of the function and organization of the shipping industry. I presume it will bore Sir Henry Drayton very badly because he has already gone very thoroughly into it, and perhaps also your Chairman—

The CHAIRMAN: Oh, no; not at all.

The WITNESS:—but there are some members who may be interested, and if I may, I will begin from the very beginning point of view.

There are approximately sixty million gross tons of seagoing ships in the world; twenty million of those are British and about nine million of the twenty are employed in regular lines. Most of this tonnage belongs to private persons.

By Mr. McMaster:

Q. Of that nine million employed in regular lines about how many would be conference lines?—A. I think you will find the list in my paper.

By Mr. McMurray:

Q. What would the others be?—A. There are special kinds of ships, various kinds, coasting boats, tramps and so on.

By Mr. McMaster:

Q. I would be very glad if you would answer that question, if you can tell me right away about how many of that nine million are of the Conference type?—A. I think every ship owner who runs a line is in a conference. Conferences are due to a condition.

By Mr. McMurray:

Q. Do you think they are essential to shipping?—A. I think they are quite essential to shipping. It gives the merchant what he wants. You will not have stability of rates unless you have a conference of one kind or another. I think the Chairman knows conferences have been in existence ever since liners were run. I think they are powerful to effect stability of rates. Most of this tonnage belongs to private persons and is managed by men of great experience and skill, called "ship owners" though the "ship owners" may often own a comparatively small share of the capital employed. Such is their reputation for skill, that in a letter received only last month, a government official, who has had exceptional opportunities of judging said, "but of course shipping and efficiency always go hand in hand."

It was felt that you would like to have before you gentlemen from three of our companies, the chief accountants, so you could take evidence from both classes. Mr. Cairns is in Canada, the chief accountant; Mr. Middleton the chief accountant of the Furness Withy Company is also here and can answer any particular questions you wish to put.

It is impossible to be a ship owner without first having the capital necessary to provide and equip the ship. A ship owner must go to the money market and must convince the market of its capacity and that, on the whole the investors can expect to derive from shipping a somewhat larger return on their capital than they could get from other forms of industrial enterprise and materially more than they could get from government securities, mortgages on land or other form of secured investment on account of the wasting nature of the plant and the uncertainty of the service and a regular return. Any particular investor may, of course, find his convictions falsified either because of the incapacity of the ship owner, misfortune or other equally comfortless reason. Having the necessary capital, part of which may be raised from those who prefer to take mortgages or debentures, and part who are content to take shares; having got his money and ships he must then do his best to employ them to the advantage of those who have put up the capital and he can only do this by employing them to the best advantage of the community.

By Sir Henry Drayton:

Q. What are those boats.—A. I think it is Canadian trade. They would be cargo boats.

Mr. MIDDLETON: The Artono and Cairmo belonging to the Gulf Line.

The WITNESS: Broadly speaking he must employ them either as tramps or as liners, and the class of ships selected will have depended upon the class of trade he is to engage in. The items of charge he must cover if he is to justify his management are, apart from capital, depreciation and interest, or dividend and something for development.

- (1) Crews wages.
- (2) Stores and provisions.
- (3) Insurance and cargo claims.
- (4) Repairs and maintenance.
- (5) Fuel.
- (6) Port charges.
- (7) Cost of loading and discharging.

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(8) Commissions, brokerages, etc.

(9) Overhead charges.

By Sir Henry Drayton:

Q. Perhaps you could tell us what year the figures are for?—A. These are quite recent.

Mr. MIDDLETON: 1924.

By Mr. Symington, K.C.:

Q. Who did you say was the other typical line?—A. The Anchor-Donaldson Line. These gentlemen have been able to bring with them full information. In addition to that we felt that you would not only like to have full information from us but have exact figures put before you covering all the ships operating in the Canadian trade. In addition to that the voyage accounts of all those lines are being put before a firm of chartered accountants in London, who have an agency in Montreal, Price Waterhouse and Company, and the result of those accounts will be put before you in the clearest form so that you can convince yourselves as to what are, or should I say are not, the profits of the line. The amount of some of these items will depend on the amount of cargo. The margin, if any, between receipts and charges is small. Yet on it will depend his success and the interests of its investors. How small is this margin has been well shown recently by Sir Frederick Lewis in a speech to the shareholders of the Gulf Line.

49 days' freight earnings have been absorbed by port charges.

105 days' freight earnings have been absorbed by costs of loading and discharging cargo.

33 days' freight earnings have been absorbed by crews' wages.

21 days' freight earnings have been absorbed by stores and provisions.

26 days' freight earnings have been absorbed by insurance and cargo claims.

17 days' freight earnings have been absorbed by repairs and maintenance.

26 days' freight earnings have been absorbed by freight commissions, brokerages, and advertising.

69 days' freight earnings have been absorbed by fuel.

14 days' freight earnings for depreciation at 5 per cent on the written down value of the vessels.

360

Leaving

6 days' freight earnings for taxes, overheads and interest on capital.

366

Perhaps you will bear those figures in mind in considering the question of control of freights. They are all variable items but unfortunately the others are all variable. I have never known of a government who could help us bring them down. Our last experience was under a labour minister, when the dock charges, which affect the biggest item of 105, were increased only last year. It is no secret that the shipowners of the United Kingdom did not feel that there was any justification for those charges going up. I am not competent to speak of labour questions because I am equally ignorant of labour as I am of conferences. The shipowners are members of the Chamber of Shipping, but my knowledge of conferences is quite as academic as you, sir, and Sir Henry Drayton have. Sometimes I have a letter from an ambassador, complaining that the rates are too high and in that case I pass the letter on to one of our members asking him for an answer to a letter of that kind. I received from Captain Charles, who was commercial attache in Madrid, a letter raising that

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question and giving throughout the same answer which I find is invariably given on criticism of freight charges. The Chamber of Shipping is always the body to whom the government turns if it wishes to know the views of the ship-owners on general questions. Recently when the Committee considered the question of rebates the Liverpool association asked that we should put evidence before them and arrange the evidence of tramp shipowners, which we did.

(Reads):

Therefore before he sends the vessel to sea, he must feel assured that cargoes are forthcoming. If he is a tramp shipowner he will, in general, require a contract from someone who undertakes to give him, or at any rate, pay for, a full cargo. In this case a charter party is entered into, the charterer undertakes to provide a cargo for the ship, the owner to deliver it at its destination. Sometimes he may make two or three charters before the ship leaves her home port, or a long term contract or time charter. It is most economical if he can take a full cargo out and a full cargo home. His round voyage may involve two or three or more voyages. The kind of cargo he carries is generally called bulk cargo, such as coal, grain, lumber, nitrate and so on. If he is a line owner, then he must have some assurance that adequate shipments will be made by his shippers, or goods to be carried between the ports on a certain route, and in his case the problem is very different from that of the tramp owner in that he must be ready to provide a ship superior in size, speed, cargo and accommodation. The more decks he has the better he will be able to carry different kinds of cargo requiring special care, freedom from undue weight, so that the lower goods are not broken by the goods on top and provide separation of one class of goods from another, and he may have to provide refrigeration and so on. He must be prepared to have organizations at both ends to get in touch with individual shippers, arrange for the bringing of the goods to the ships, their warehousing until they can be put on board for their loading, care on board and discharge, each according to the special requirements of the particular kind of goods, and their distribution at the point of destination.

(Reads)

Whereas the tramp shipowner generally makes one contract each voyage and the number of his bills-of-lading is small the liner owner receives hundreds and even thousands of consignments in each shipment and may be carrying most diverse cargoes; meat, live or dead, machinery, harvesters and watches, bacon and vinegar, grain, rope and soap, furs and spirits, acid and crow bars, canned peaches and toothpicks, butter and eggs and so on. He clearly cannot negotiate with each individual shipper, and yet to provide the service required, is no small undertaking. If he is to do it with the smallest margin of profit, he must be comparatively free from the constant risk of displacements. His customers want,

- (1) A high class of ship.
- (2) Regularity of service.
- (3) Quick transit.
- (4) Uniformity of rates.
- (5) Stability of rates.
- (6) Freedom from carriage of cargo on ships account.

Some of the most important advantages derived from the lines in supplying these wants are,

- (1) That heavy stocks of raw materials and goods need not be held, but the manufacturer or shopkeeper can rely upon replenishing his stocks as and when depleted, keeping a very small margin. This eliminates waste of idle capital.
- (2) Insurance rates are more favourable.

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(3) Finance of shipping documents is more cheaply obtained as the goods are more quickly carried.

(4) Through uniformity of rates the producer or manufacturer can stick to his own business, concentrating his attention on producing most economically and well.

While neither the producer nor merchant can secure stability of cost or give stability of price, yet as liner freights are not subject to the violent fluctuations of tramp freights, the shipper does derive an immense advantage from the large measure of stability which the lines can give.

Where more than one line is employed in the same service, or even in neighbouring services, these benefits cannot be secured without conference between the lines as to the rates they are to charge, and a clear understanding as to the dates of sailing that best meet the requirements of the trade, and as the law gives the liner no monopoly as it does a railway, there must generally be some sort of tie between the shipowners and their customers.

In the early days, this took the form of a contract with some of the leading merchants, assuring the shipowner of a certain quantity of cargo. Naturally the leading merchants asked for some consideration in return for their obligation. They thus secured big commissions and freight rates more favourable than other shippers, who were not contracting. Moreover the shipowner was often compelled to buy cargo and sell it at destination. In either case the other shippers felt themselves placed at a disadvantage.

Then followed a simpler and more economical practice which gave equality to the shippers great and small. The shipowner allowed to the shipper a discount or rebate of say 10 per cent which was returned to the shipper if he sent by the line all his shipments of goods of the kind that the line catered for. The amount of rebate in relation to the value of the goods was small, and the total rebates in suspense would be also small in relation to the consequences to the shipowner resulting from diversion of the traffic from the line. Where two or more lines served the same ports the convenience of the shipper was met by broadening the basis so as to give the shipper the facilities of both or all lines.

Manufacturers and merchants, like shipowners, are human, and are therefore apt to want the best of both worlds. It is their right to ask the full market price for their goods, and to make a constant effort to find the cheapest form of production and transport.

Notwithstanding the shipper's desire for stability, equality of rates, regularity of shipment and excellence of service; if a newcomer, in an attempt to establish himself in the trade, cuts rates irrespective of cost, the individual shipper is apt to take advantage of the lower rate, when offering, while still expecting the established lines to carry his goods on the days when the undercutting line has no sailing. In short, even though the established lines are making a loss, they are asked to reduce their rates, or alternatively assist in their own undoing by providing alternate sailings to supplement the newcomer's inadequate and restricted service. The same shipper will be quite ready to admit, indeed to insist, that the higher class ship, frequently of service, speed and so on, and even stability and uniformity of rates, are of great importance to the traders as a whole, but in his particular case, he feels justified in taking advantage of the opportunity of the lower freight. He considers it is the function of the shipowners themselves to take such steps as they find necessary to maintain their services.

Those who are in touch with shipping understand the reasonableness of the action, which Liner Companies take, to maintain their position in the trade. Those more remote are apt to appeal to their Government for assistance to secure freight reductions by interference. All such representations are on the assumption that the freights charged are unreasonable.

It has recently been alleged, though not I think, through any responsible body of commercial men, that the Liner Companies form one gigantic world combine of which the North Atlantic Conference is only a part. It is manifest to anyone who is in touch with shipowners and shipping that this is untrue, and indeed impossible. Perusal of the reports of the committees which have sat upon the question of conferences and freights, must make this equally clear.

It has been well said that conferences are due not to a world combination but to a world condition. Trade calls for the benefits to which I have referred and insists upon their being given as far as possible. In the great tramp trade the greatest centre for chartering steamers is the Baltic Exchange in London where ship brokers representing shipowners and merchants from all over the world meet daily and discuss market conditions and arrange freight contracts. In constant conversations, brokers for merchants exchange ideas among themselves. The merchant doesn't want to give more than he need, the shipowner doesn't want to take less than he need. In their case, the freights are dictated simply by the law of supply and demand, and success as a ship broker depends largely upon being able to prophesy in what market there is likely to be the greatest shortage, as well as upon his skill as a negotiator. The fluctuations are great from day to day, from month to month and from year to year.

The shipper by liner does not want the instability of tramp freights. He could not contemplate haggling daily for freight on his goods, and if he did the trouble and expense falling upon him both directly and indirectly through the freight would be considerable. Just imagine what would be the position of shipowner or agent in Montreal if he had to haggle each day with every one of his liner shippers; how enormously he would have to increase his office staff with men of the first order, yet it is a comparatively simple thing to charter one tramp steamer perhaps carrying as great a quantity of cargo.

The need for Conferences has been abundantly proved by the fact that those who control merchant fleets of Canada, Australia and United States, have found it essential in the interests of their shippers to confer as to rates. Conference would be useless alike to the shipowner and his customer unless all the lines adhered to the rates considered to be justified, until they have reconsidered the matter in the light of changed circumstances. If the Lines are to serve their customers as well as themselves they must also pay regard to the sailing dates of each other's ships, in the same trade. In some cases it has been found necessary to agree with some precision the quantity of tonnage as well as sailing dates, but I understand this is not the case in the Canadian trade, shipowners being entirely free to put on any number of ships or sailings and to compete among themselves freely for cargoes.

An example of the need for conference has been convincingly shown as a result of the Immigration Restriction Policy of the United States of America. Here we had the ridiculous spectacle of ships racing across the Atlantic to land their emigrant passengers at dawn on the first of the month. Such action obviously alike embarrassing to the United States officials and the Shipping Companies, and terribly wasteful, and without the co-operation of the appropriate conference it is not easy to see how the problem could have been solved.

One of the advantages of conferences is the limitation to a reasonable figure of expenditure on the middleman, brokerages being limited, and in the case of passengers, the number of passenger agents, as well as the commissions payable to them.

Discrimination.—This word has been much abused. In the language of national tariffs, it is used to mean a burden deliberately put on one country to place it at a disadvantage as compared with another. It is surprising to find this specific charge being made against commercial men. The Lines have given careful consideration to all the freight and passenger differences, which

have been suggested, and they will be able to speak as to the facts, but I should like to draw attention to a curious inconsistency, in the point of view of critics of the shipowners. They demand the most perfect equality and correspondence in favour of their goods or commodity, yet see in the conferences, which are the only means of securing such equality and correspondence, evidence of one huge combine.

A moment's consideration must show the essential necessity for conferences embracing something more than the trade between one port of export and one of import, and that regard should be had to the need for fair balancing of rates as between neighbouring and competing routes.

Notwithstanding every care to see that rates correspond as nearly as possible, there are essential difficulties and differences which neither shipowner nor Government official can possibly overcome. For instance, from time to time there are and always will be rate wars. Before the war, except during unsettled periods, conference rates outward from the United Kingdom and Continent were the same, notwithstanding that port expenses were somewhat lower on the Continent than in the United Kingdom, and in recent years serious difficulties have been created by the exchanges, as well as by the ruinous rate cutting competition on the part of the Continental Lines against the British Lines. The exchange differences have given immense benefits to some Continental Lines in reducing, if not wiping off debentures, and reducing running expenses, while freight was naturally collected in the same trade in the same coin. They are not only fighting against the British lines, but they are also competing intensely among themselves.

By Mr. Montgomery, K.C.: |

Q. What do you mean by "exchanges"?—A. The money. With the franc depreciating to the extent it has, and the mark going to the vanishing point, the foreign ship owners were put at a great advantage as compared with the British owners. To this day the wages in Germany are approximately one-half of the British wages. That is a result, an aftermath of the exchange position. The French advantage is also great. I hope to be receiving very accurate information shortly of the wages in Great Britain as compared with Continental countries, and as soon as I receive it, of course it will be at your disposal. We have been preparing that and a great deal of other information for the enquiry which is now sitting in England.

Many of the Continental Companies have been given material financial assistance by their Governments. Even now, wages on Continental steamers are very considerably below the British, and the port charges and loading and discharging expenses are much lower on the Continent.

During the last two years, Sir Frederick Lewis has devoted a great deal of time and attention to securing reduced dock charges in England, and better facilities. I have here a report of the Committee of which he is Chairman. According to these figures the average total of port disbursements including both charges and expenses of handling cargo was 67 per cent higher at U.K. ports and that difference has since been increased.

I have the same sort of thing in another form here, and perhaps the committee will bear in mind that I drew their attention to the fact that in this Gulf Line statement, 100 days I think it was, 105 days of freight earnings had been absorbed by the costs of loading and discharging, and 49 days by port charges; that is over 150 days out of the 360. This is the comparative cost of discharging 3,000 freight tons of cargo at United Kingdom and Continental ports, from steamers of 5,000 tons net register. The most extreme difference here is between Antwerp, where the total of cargo charges and port charges amounts to 1s. 10d. a ton, whereas in London the corresponding charge is 6s. 10d. The others vary upwards and downwards. London, as I said before, 6s. 10d.; Dundee, 5s. 8d.; Hamburg, 4s. 7½d.; Rotterdam, 3s. 8d.; and Antwerp, 1s. 10d.

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Credit should be given, I think, to the Canadian Lines to prohibit differentials. I think that is what is called "discrimination." How a Government could in such a matter succeed——

By Sir Henry Drayton:

Q. My memory may be wrong, but I thought it was also suggested—I know I suggested it—that there should also be control over a maximum rate.—A. Your memory is correct, but the Committee came to the conclusion that it was not desirable. What they did do was recommend a fair investigation, and that is why the Imperial Shipping Committee was set up.

Q. That was to enquire into the feasibility of that maximum rate, was it not?—A. I do not think so; I understood that they felt that control of rates was not practical nor desirable, but what they do recommend, certainly, is the other. They unfortunately have not dealt with a very important particular. Of course, they had a tremendous mass of material before them; they had no special reference to deal with freight; that is not even mentioned in the reference. They determined that carefully, but they deliberately refrained from speaking of it in their report.

No credit is given by Mr. Preston to the Canadian Lines for maintaining their freight rates between the United Kingdom and Canada on a par with those in U.K. and U.S.A. ports, notwithstanding the extra cost of insurance which must be paid by the shipowner in one way or another.

While I understand it has not yet been possible to secure an absolute parity between North Atlantic ports and United Kingdom ports, as compared with the Continent, when the Committee comes to consider this question, it will be necessary to observe that a large proportion of the rates to the Continent are higher than to the United Kingdom.

The only legal power to control freights suggested by the Dominions Royal Commission was one to prohibit differentials. How a Government could in such a matter, succeed, where the shipowners fail, I am at a loss to understand.

It is the ambition of every shipowner, and the shipowners of every nation, to increase their share of the carrying trade. Continental shipowners naturally wish to increase their share of the trade from the Continent. They would naturally be glad if the British ships were withdrawn.

Let us suppose they begin rate cutting. The British owners in the trade must either meet the rates or get out. They do their best to meet the rate, and a differential results. The United Kingdom exporter naturally does not like it any more than the shipowner does, and if he is out of touch with the shipowner, he may call it "Discrimination," and ask for Government interference. What Government is to do the controlling? Shall Germany under some international arrangement compel her shipowners to increase their freights? It is clearly unthinkable. Shall Great Britain

(a) Order the British shipowner to increase his continental freights, or

(b) Reduce his United Kingdom freights? . /

Perhaps the committee will pay special attention to this, because it is a very real difficulty, and the curious thing to me is that the shipowner worries more about this than anybody. It is a thing that much more vitally interests him than any merchant, it is the most difficult problem he has to face. Nothing would please and assist the Continental shipowner more than that the Government of Great Britain should do either.

Under the first alternative, the Continental shipowner would cream the traffic, and soon oust the British shipowner. That would be inevitable. Mr. Atwater asks me to elaborate that. Let us imagine the standard freight from Antwerp to India and the standard freight from London to India. A foreign line wants to get the British shipowner out. They say, "You stick to your country and we will stick to ours". I say Antwerp; I should say Hamburg, but the Germans regard Antwerp as a port in Germany, anyway. The German

says, "I will cut the rate to 25 shillings, and the British owner is compelled to charge either 25 shillings, or lose the cargo. If he loses the cargo his ships stop sailing, and he has not the business. Obviously under no international arrangement would Germany be willing to prevent her shipowners competing under these conditions. Supposing England said to the British shipowner, "This is very bad; it means a German merchant can ship his goods to India at a rate of 25 shillings, and a British merchant from London at 30 shillings. You must not do that; it is a moral question. You must not charge a German less than an Englishman." So the shipowner says, "What will I do?" The Government says, "It will save my face if you charge 30 shillings in Antwerp, but it will not help the British merchant". The shipowner says, "Very well then, you have to cut your rate in England." What is the result of that? The German shipowner is losing five shillings a ton for every ton he takes. It may be a dead loss of five shillings a ton; in recent years it has been and it would be now. As a result of the action of the British Government, the British shipowner is compelled to lose ten shillings for every five shillings the German shipowner loses. What would be better for the German shipowner than for the British Government to say that?

By Sir Henry Drayton:

Q. Of course, that percentage would depend upon the volume of trade?—

A. Exactly. The great thing is to understand the idea.

Sir HENRY DRAYTON: The multiple would represent just simply the additional business to be carried by England at the lower rate.

Mr. MONTGOMERY, K.C.: I do not know whether Mr. Cleminson has made it clear what a large proportion of British shipping is other than from British ports. The large proportion is neither from nor to British ports.

Sir HENRY DRAYTON: Oh yes, we know that.

The WITNESS: I should be glad to give you particulars of that. The committee must recognize that at the present moment the competition between Britisher and foreigner is entirely centered on the continental ports. Their first step is to try and get the majority of their own trade. Their next step, if they are successful—and I should be almost sorry to tell you the extent to which they have been successful in recent years—would be to come into our ports. They were doing so before the war, and they are doing so today, and they would carry the war into our ports. I dare say you remember—however, I have referred to that already, but their policy naturally is to first of all clean up their own ports, and then leave their ports to try and oust us out of our own trade. I can assure the committee on that point. That question is one of the most difficult the shipowners have to face, and it is clear to me at any rate that no Government could help us. A government by interfering could do us a great deal of harm, could make it impossible for us to compete, to maintain and hold our own, but they could not help us.

By Mr. Symington, K.C.:

Q. What you are conveying now is that they can operate so much cheaper than you can compete with them?—A. That is a different question. I was assuming for the purposes of that argument that the costs of operation were the same. The fact that their operating charges are less makes it still more difficult for us to maintain our own position.

By Sir Henry Drayton:

Q. You were really merely referring to the competitive situation which has developed, irrespective of costs?—A. Quite so, sir. There are two points of view; there might be rate cutting, or might be essential differences in charges. Of course, if on the trade, say, between here and the United Kingdom we could reduce the dock charges materially, that would make it possible, apart from

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the rate cutting, to charge the same rates without being out of pocket, but shipowners have, for many years, when the rates were equal, had to bear the burden of the extra dock charges themselves.

By Sir Eugène Fiset:

Q. That is a matter for Government action?—A. I do not know what kind of a government you have; we have not a government which gives us much help. There the government is demanding increased and greater accommodation on different classes of boats. Take the cattle boats for instance; they must be fitted up almost like liners; they must have lavatories and salons, and white table cloths. If not, they say we are not human, and when a ship goes down you must have special divisions, and life boats and life belts, and all the rest of it. And yet when we go to them, they treat us as if we were disreputable people who had to be made to toe the line.

By Mr. Symington, K.C.:

Q. And we have to pay for it?—A. You have to pay for it, and you do not like paying for it. In the olden days emigrants used to be brought here by the boats which took the cattle out, and I can well imagine under certain conditions, the Daily Mail coming out with a circular saying: "Canadian emigrants treated like cattle". Under our regulations, it is not possible for us to do that. Mr. Cairns will tell you how impossible it is to carry on his business with his ships at the present time. Imagine that here (indicating) is the deck space; they were allowed to put cattle on that part of the space (indicating), and waste the rest. That is a difficulty as regards the Government, and I should not like to hold up to the shippers of Canada any prospects of help from our Government. I may have covered some of this ground here, but if so please bear with me. Supposing the differential or so-called discrimination is due to exchange differences or wage differences. We know how powerless the Government is to cope with exchange difficulties of another country. If the cause is heavier dock charges, will the Government order labour charges in the United Kingdom ports to be reduced? Or suppose the cause is an economic one, such as every business, even the railway business must take into account, for example, the load factor. Is the Government in these cases to disregard essential considerations? Such powers of control would be utterly futile, and must remain a dead letter if put on any statute book, or if any attempt were made to exercise them, nothing but harm could result. A power of investigation such as has been given to the Imperial Shipping Committee by the governments of the Empire is quite a different thing. They can at least after investigation, authoritatively advise the governments of the Empire of the facts of the problem and rely upon those governments to bring the truth home to critics.

I have got here on the table a statement in regard to the control stations which, to me, is such a vexed question and so much a matter of regulation with the Chamber of Shipping meeting. In the competition between the German lines and the non-German lines, especially the British, the German shipowners have an understanding with the German Government officials. Some years before, there had been an outbreak, I think it was cholera, in the Eastern Provinces, and the German Government said they would not let any person pass across the frontier unless he had been "vetted" properly by a doctor. They were "vetted" by a doctor——

By the Chairman:

Q. Will you explain the meaning of the word "vetted"?—A. Examined.

By Sir Henry Drayton:

Q. That was before the regulation treating emigrants as cattle?—A. Yes. Then they began to ask to be shown the tickets, and if a ticket was a German

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steamship ticket the man was passed as being healthy; but if it was a British steamship ticket he was turned back.

Q. I do not think there is any charge at the present time—at least I do not know of any—that the change was made at that time due to any action of the North Atlantic Conference as such. The complaint as to emigrants was rather another score; they did not complain as to the high rates. As far as the closed ports were concerned, there was no question of that, but it militated against the Atlantic service. They made the Continental business a closed preserve for the Germans. It was brought about by government action, but, as a matter of fact, as I recall it, why the C.P.R. opened in 1911—if my memory is correct—the Trieste service, was to get some share of Continental immigration which they were otherwise denied by German Government regulations?—A. That is right, and the pioneers in that were the Cunard Line, who sent their ships to Southwell.

Mr. SYMINGTON, K.C.: The thing had gone farther than that prior to that time, because they allotted a percentage of the immigration traffic to the different lines and pooled it.

Sir HENRY DRAYTON: That was a matter of pooling, but at one time the Germans wanted 100 per cent and got it.

Mr. SYMINGTON, K.C.: The Hamburg-American Line and the North German Lloyd Line came in, and it was all pooled.

The WITNESS: That was not the case under the combinations, but quite the reverse.

Mr. SHAW: May I ask that the witness proceed so that we can find out the situations on these frontier stations? We want to get the whole story.

The WITNESS: It is just as though you had now immigration from Canada to England. If the shipowners were making such profits in England, I suppose there would be an eastern movement. Supposing the great port of embarkation is New York. The American Lines and the British Lines both go to New York and take passengers there. Naturally, if there had been any cholera here in Canada, the American officials would set up a medical station on the frontier lines, or the railway junctions, as was done in Germany. When this system was set up in Germany, the doctors were given, by law, the power to insist upon looking at the tickets to see if a man was really an immigrant, and was not just going to slip into Germany and become a resident of that country. That system is all right so far as it is honestly and fairly administered, but there is no doubt about the fact that the doctors used to see if the ticket was a German one, and if it was they would pass the man as fit, and if it was not, he might be as fit as a fiddle, and they would not pass him, but would tell him that he had to go back to Poland, or wherever it was. That made a difference in the immigrants the German Lines could carry. That is one of the things that has been set up as evidence of a combination. As I say, you will see it forbidden in the Peace Treaty, but the same sort of thing is apt to break out again. Now, the Italian Government thinks it might be a very good thing to make an arrangement with the Southern European countries to get control of the immigration movement from South Europe, which would certainly give them a preference for their Italian ships. First of all, a Conference was called at Rome to discuss the question of immigration inspection, and it was then referred to the League of Nations.

May I, before leaving the subject of the Continental rates, refer to the subject of control stations? Mr. Preston has altogether misconceived the facts of the matter. Mr. Preston says:—

“Previously however, the combine had so perfected its emigrant transport connections on the Continent as to compel mid-European

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emigrants to take passage by steamship lines operated by the combine from the North Sea ports. With the assistance of Mr. Albert Ballin of the Hamburg America Line, German frontier control stations, through which all emigrants from different parts of Europe were expected to travel to reach sea ports, were required to be in possession of steamship tickets issued by the combined steamships before they were allowed to pass through these control stations to the North Sea."

This statement is remarkable from two points of view. The true facts are equally inconsistent with the charges brought against the Canadian Lines, and his allegation of a world combine. The German control stations, while not originally imposed for an ulterior motive, soon became a means of indirect flag discrimination against the British Lines, who opposed them strongly before the war without success. They are described in Appendix 3 of the report of the Board of Trade Committee on Shipping and Shipbuilding after the war 1918, and clauses were expressly included in the Treaty of Peace to prevent similar discrimination again.

The Committee may be interested to see a recent communication to M. Thomas, Director General of the League of Nations, drawing his attention to the well-grounded fears of the British Lines, that an attempt is even now being made to use the League of Nations for the purpose of imposing in South Europe a similar form of indirect, but none the less real flag discrimination directed against the British and other non-national lines. I trust that the Canadian Government will make every effort in co-operation with the British Government to frustrate this new danger.

Conferences are powerless to exclude a competent and substantial competitor who is determined to establish himself in their trade, provided that there is any call for the service he offers. The number of new Lines, and Lines re-established since the war is clear proof. As Sir Alan Anderson, ex-President of the Chamber recently observed, the only man who made a corner in shipping was Noah; he went in at the bottom and came out at the top—of Mount Arrarat. Therefore in providing services and considering rates, the Liner owner is always alive to the competition among existing Liners in their struggle for a place in the business. There is still intense competition to get the business and the more business a man can get, the more powerful his Line will be and the stronger he will be, and can claim a greater influence, and his interest in the Conference, when it suits him, will be all the stronger. (Reading). The possibility of an outside Steamship Line or would-be Line, whether British or foreign, entering the trade, the tramp as regards cargoes suitable for shipment by tramp, and the power of any strong group of shippers who may either feel discontented or may otherwise be led to promote or support a new line.

You have a very interesting example of that in the tramp trades from England where tramps take coal out and grain home. If anything happens to the coal trade so as to restrict the supply of coal, so that the ships have to go empty, you will find that the rates on coal will have a tendency to go down, because there is a great deal of competition for the few freights available. On the other hand, the freights on the trip home must go up, otherwise the ships would not go into that trade. There is always a balance. You might mention on the Baltic, to a man whom you happened to meet, this subject, and ask him how freights are, and he will say: "Oh, coal freights are down and grain is up".

By Mr. Montgomery, K.C.:

Q. What do you mean by the "Baltic"?

The CHAIRMAN: The Baltic Exchange.

The WITNESS: That is the Baltic Exchange, where the question of rates is discussed, and ships are re-chartered, and if you meet a shipowner and ask him

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how freights are, he will tell you with pleasure that the grain freights are up, and he will probably also tell you that some other freights are down. Supposing the rate is 10 shillings home. If you have to take 8 shillings out, you will have to get 12 shillings home, but if you paid 10 shillings out, you may find that you will only get 8 shillings home, and while things may look rosy, they are not always as rosy as they look, so it shows how the shipowner has to send his ships out and home.

By Sir Eugene Fiset:

Q. Does the same thing apply to Liners?—A. Equally, all around.

By Mr. Symington, K.C.:

Q. The liners do not change, but the tramps do?—A. No, but the liner rates depend upon these things essentially. If, for instance, a boat coming to Canada would be full, you would certainly get a lower rate. The shipowner would not stop you from getting a lower rate. He is utterly powerless to govern the law of supply and demand. The rate generally depends upon the cost of work done, that is, the buying of the ship, the sending of it to and fro across the ocean, etc. Now, if rates are paid in an apparently open market, the tramp manager, of whom my friend, (Mr. Symington) speaks, will vary the rate, and you will find in bad times it is a question of whether the cost is going to be greater to stay in port or go out of port. It may cost £300 a month for him to stay in port, so if he can see a chance of breaking even by sending his ship to sea, or carrying grain home, from here or any place else, he will do it, so as to minimize his loss. The same thing does, in fact, apply to liners. They are governed by the law of supply and demand, but it does not come to them immediately; a fall will come slower, and the rise will come slower. I remember when I first went into the shipping business as a shipping lawyer, talking with one of the Directors of a Line trading between London and Holland, and I said: "I am glad to see that things are better now," and he said: "It does not help us much," and I said: "But how about the tramps?" and he said: "Well, they will quickly respond to good times, and respond equally quickly to bad times".

By the Chairman:

Q. In your long experience, have you ever known a period where a shipowner said he was making money?—A. That a shipowner was making money?

Q. Yes?—A. Yes. I think they admit it whenever there is a peak time. The shipping trade prosperity goes in cycles of seven or ten years, and about three out of every ten years there is a scarcity of tonnage, and that naturally sends the freight up; it is something to compensate for the bad times he had faced.

Q. Are they now in the lean seven years?—A. At the present time, yes, because, you see, the thing that matters to the shipowners is the profits, and if his expenses are so high as to eat up all his freight, then it is a lean year. I think it is essential for the prosperity of the world that working costs must come down, but the costs will always be tossed on to the consumer. It is only the profit which the shipowner can keep in his pocket which helps him out.

Sir EUGENE FISET: The reason I asked you the difference between the tramp and the Liner was that your statement does not agree with the statement made by the shipowners themselves. They recognize a difference between a tramp and the liner.

The WITNESS: I am dealing with essentials. As I say, the liner can and must keep things more steady. It is something like this—(the witness indicated by drawing two wavy lines crossing and recrossing each other, varying in distance from the point of contact to a space of approximately three-quarters of

an inch)— There are fluctuations up and down, and they have considerable variations. (Read).

(Reads):

The general level of freights which can be charged depends primarily upon the cost of rendering the service. If full cargoes are available both ways, then the freight can be better spread, and will pro tanto be less per unit of cargo. Owing to the very nature of the liner business the curve of freight levels are more regular, so that in good years the peak is not so high, and in bad years not so low, apart from rate wars, as would be the case of the tramp. The years 1911, 1912 and beginning of 1913 were peak years in shipping, while the previous years 1904-11, unfortunately a much longer period, were years of depression.

The following is a paragraph in the report of a Committee of the Chamber of Shipping, and the Liverpool Steamship Owners Association, on Trade after War 1917.

"From 1904 until 1911 the shipping industry passed through a period of great depression. There had been over building in the years following on the high freights of 1899 and 1900, and the international trade of the world, which had been increasing from 1904 to 1907, showed a serious falling off in 1908.

"In consequence freights fell to a point at which they did not cover working expenses, even without taking depreciation into account. The financial position of the British Mercantile Marine was causing the gravest anxiety; dividends were being passed by shipping companies of the highest standing; and in many instances accumulations of loss were being written off by the reduction of share capital. It became almost impossible to find new capital for ship building, and ships and shares in the shipping companies could only be realized at heavy loss. The output of new tonnage fell nearly 50 per cent. between 1908 and 1910. From 1908 the international trade of the world steadily increased and freights advanced, and in 1911 the new tonnage built in this country was more than double that put into commission in 1908, and this rate of building was maintained in 1912 and 1913."

I remember at that time being instructed by shipping plants, when drawing their wills to make powerful investments in industrials, but to disregard shipping shares.

By Mr. McMaster:

Q. Those were the men who made money out of ships?—A. Yes.

(Reads):

I am told it is largely the Freight Managers who attend the Conference meetings. These gentlemen themselves or through the representatives of the Company, are in fact in close touch with the shippers. See for instance, a letter from the Organ Manufacturer, who says that the Line's representative called upon him weekly. The freight Manager is concerned to fill his ship and is therefore a powerful advocate for low freights, with a view to securing more cargo, and this applies to every kind of commodity, by no means excluding articles of high value. He will quickly propose reductions if he thinks thereby there is any chance of increasing the quantity of cargo.

Neither the Commission on Shipping Rings, the Dominions Royal Commission nor the Imperial Shipping Committee, have recommended control of freights. The strong recommendation of all these bodies was the formation of Shippers Associations, discussing with them from time to time with the power to call for investigation.

I am convinced that control of freights is impracticable and undesirable in the interests of the public.

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There is nothing more fluid in the whole of commerce than shipping.

Of the 60,000,000 tons of world shipping the major part is generally understood to be tramp shipping. It is the function of the tramp ship to move promptly to those markets where there is the strongest demand as evidenced by the highest freight offering.

By Mr. McKay:

Q. What trade is this?—A. It is generally conceded that 60 per cent. of the shipping of the world is tramp shipping, but it is exceedingly difficult to calculate exactly. I had a list of the various periods in the different countries and I was taking French liners and Norwegian liners and so on but it is not satisfactory at all. I should think it is safe to say half of it is tramp tonnage, but no one can know precisely. Tramp shipping is not confined to one trade, neither are liners. You could not use a tramp ship economically in the Plate trade nor, vice versa, a liner which is built for the Plate trade. During the War the Government had to make special terms. If a ship was built for the South African or South American trade they had to give a special indemnity on the North Atlantic trade.

By Sir Eugene Fiset:

Q. When you say you are Secretary of the Committee, what Committee? Committee of what?—A. It is a Committee which co-ordinates with the commercial interests of the country on the question of dock charges.

Q. Who appoints the committee? Is it a government committee or a committee of the Chamber of Commerce?—A. With the Chamber of Commerce, merchants, manufacturers and shipowners together, negotiating jointly. Now, we had the same difficulty as the dock companies regarding shipowners. We cannot say "you are badly managed." They say to us "we have to pay labour charges. We cannot reduce our charges at the docks." (Reads):

A material proportion of liner tonnage can be operated in almost any market where the demand calls and better freights offer. I need hardly discuss the evils of international control of freights, for international control is impracticable. Both the Commission on Rings and the Dominions Royal Commission after exhaustive examination, came to the conclusion that British Empire control was impracticable.

What would be the result of any attempt at local control? We know that though there is general stability of liner rates throughout the year, there are differences of working expenses, volume of cargo, and so on.

By Mr. McKay:

Q. "General stability of liner rates", is that not confined to what you call "package rates"?—A. You get greater stability there?

Q. Supposing the liner carries wheat, are those fixed rates?—A. Any control they have over rates is practically nil, in the case of grain.

(Reads): Let us assume that no complaint or attempt to fix freights would be made in years of low freights, but a time comes, every seven or ten years, when demand exceeds supply and local freight control is imposed. The tramps would naturally graduate from the restricted area and according to the strength of demand, cargo liner tonnage will tend to follow, leaving a shortage of tonnage in the restricted area.

By Hon. Mr. McMurray:

Q. What do you mean by the restricted area?—A. The area on restricted freights.

By Hon. Mr. McMurray:

Q. If controlled?—A. Yes.

By Sir Henry Drayton:

Q. Your point of view would be, supposing we put in rate control in Canada and they do not in the States and the boats can make more money out of New York, there is no law to compel you to run out of Montreal?—A. That is right. If you were willing to give them a monopoly on certain lines, on tramp ships on long term freight, I dare say you would find plenty ship owners would make it but I do not think you would find it would pay in the long run. (Reads):

Shippers would find a less frequent service and shutting out of their cargoes.

Shipowners would have to pick and choose, and the result would be a strong pressure from the cargo interests to get rid of the control, and leave freights open once more. If, however, the freight control were maintained, investors would be unwilling to employ their capital and savings in a trade which was going to impose all the disadvantages of bad times without the compensation which they are entitled to expect from the good times, and the State would be forced to adopt the alternative of conferring a monopoly.

But if it be suggested that the control be confined to particular articles, what is the answer? It is, first, that the shipowner has an interest only second to the shipper in fixing freights which are equitable, having regard to relevant circumstances. Shippers are not slow to ask for reductions, and the shipowner is only too anxious to be advised of all considerations of market and otherwise. Would the Government be more competent to fix a sound rate? The Government could not order other shippers to pay more in the way of compensation, yet if they reduced the rate, they much indirectly force up other rates, or create a situation exactly comparable to that to which I have drawn attention, as a result of restricting rates in general.

Perhaps every country has received a lesson on the evil consequences of artificial control. Control during the war was necessary, but none the less evil. To-day in England, rents are still controlled and houses are therefore still short, and the problem still an acute one, creating distributing factors in the labour market, as well as embarrassment to the Government, and a heavy burden on the taxpayer. We saw its effect in shipping when the controlled rate for British ships was 12/6; for neutral ships, who were coerced by our local control, 35 —, while the free ship could secure, if I remember right, up to 70/—.

Again I would say that a power of investigation is an altogether different matter provided it be vested in a competent, impartial and non-political body. Canada and the other Dominions have shown their wisdom in giving effect to this recommendation of the Dominions Royal Commission, and the Commission on Shipping Rings, by setting up the Imperial Shipping Committee.

The whole assumption upon which the Canadian Government's proposal to take action with a view to controlling freights, is that the present freights are unreasonably high. If therefore, an examination of the voyage accounts proves conclusively that the shipowners are getting no return on their capital the assumption will have been disposed of, and it can hardly be alleged that the Conferences have been responsible for unreasonably high freights; indeed it must be manifest that the Conferences have not even the power to maintain freights at an unreasonably high figure. No business man would be willing to sell his products at a loss if he could help it.

I had some other pages underneath but that is the end of my statement. I would just like to say one more thing before I sit down, and that is as I said last, of course, I know conferences are depended upon market conditions, but as I said, the most speaking proof of that fact is that shipowners to-day cannot get freights which cover depreciation and give them any interest on their capital. I suppose that conferences have never been stronger than they are today. They have been with us for fifty years and if you trace back in the history of shipping you will find that if there is an upward movement in the line rate it goes up on the tramp rate. It goes up or down. In a letter from the Canadian National

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Millers Association, on this point I see, that they say in their letter published by the Imperial Shipping Committee Limited.

"We, as common sense business men and realizing the problem in front of steamship interests admit that ocean rates are as a rule based upon what the traffic will bear, guided to a more or less extent on the average rate per ton for a full cargo, and if Canadian Atlantic ports can stand a higher rate all well and good."

Also,

"With respect to the spread between Ocean Rates on wheat and flour, it is impossible for us to attempt to give you any figures of cost which might be used as a basis towards arriving at what would be a fair cost, but we wish to go on record that the Canadian Millers do not wish the steamship lines to carry any commodity at less than cost, and we would like to feel at all times that the steamship companies are making a fair profit on commodities that they are handling for the millers."

I hope the point of view of the witnesses who are here will satisfy you that the shipowners are not making the profit as claimed, if an account be taken of depreciation. I will not anticipate the figures because I do not know them. They are worked out by the accountants and they will be presented to you.

By Sir Eugene Fiset:

Q. What are the relations between the different conferences and the Chambers of Shipping in England? Have you got any control?—A. The Board of Trade here will have a Miller and the Miller may have some joint selling arrangement, or may discuss prices and the Secretary of the Chamber of Commerce might have heard gossip about the rates but that is all. You could not rely on the information he gave you.

Mr. McMASTER: Mr. Symington, I think probably you would wish to question Mr. Cleminson. I think we will give you the right of way.

Mr. SYMINGTON: I understood some of the Montreal gentlemen wanted to get back at six o'clock.

Mr. McMASTER: Six fifty-five.

By Mr. Symington, K.C.:

Q. Mr. Cleminson, you I understand, are the Secretary of the Chamber of Commerce, you are the General Manager of the Chamber of Shipping?—A. That is right.

Q. And a paid official?—A. That is right.

Q. How long have you been in that position?—A. Since 1916.

Q. Before that you were one of those humble people called solicitors?—A. Yes.

Q. You have had no experience as a ship operator?—A. No.

Q. You have had no experience as a member of a shipping conference or a combine?—A. No.

Q. So that the information you have is based upon what you state in this paper and there are a lot of opinions in it and also based upon the fact that you are a shipper of goods?—A. No, they are no more based on actual experience than the views of an economist are when he writes on economics.

Q. Then you gave what you term a definition of a combine as outlined in the Criminal Code? If you will look at it you will see that the definition is that everybody is guilty of an indictable offence who conspires, combines, agrees and arranges to do certain things?—A. It says "who is guilty of an offence to combine, to unduly limit."

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Q. "Everyone is guilty who conspires, combines, agrees, arranges to do certain things?—A. There is no definition of the word "combines."

Mr. MONTGOMERY, K.C.: If you want a definition, you will get it right in the Combines Investigation Act.

Mr. SYMINGTON, K.C.: I was pointing out that when he refers the committee to the definition of a combine, it has not anything to do with the real definition of a combine.

The WITNESS: This contemplates various things, combinations, agreements and arrangements.

The CHAIRMAN: You are not here on a criminal charge, but what I am pointing out to you is that you may clear your mind of this before the committee; there is no definition of a combine in what you have given the committee.

Sir HENRY DRAYTON: That is merely the definition of an illegal combine, within the meaning of the Criminal Code.

The WITNESS: I was trying to get at what you meant by the use of the word "combine".

By Mr. Symington, K.C.:

Q. Will you, from your experience, tell us the difference between a conference and a combine?—A. In England, we speak about a combine when people try to get control of all sources of supply, and do it especially by fusing their capital and so on, so that some person at the top can say this or that shall be done.

Q. Would you follow me this far, that if the liner owners conferred or met the shippers and arranged about rates, that that would be a conference?—A. If they met the shipper?

Q. If the shipowners and the shippers met together about rates, that that would be a conference in the strict meaning of the term?—A. It is not the steamship companies or the rate companies—.

Q. If you would answer the questions, I think we would get along faster. Would you say that if the shipowners met the shippers and discussed rates, that that would be a conference?—A. Yes, just as truly as if I went and saw counsel in England; that is called a conference, but I would have to pay a fee.

Q. But if the shipowners themselves met and fixed rates, would you call that a conference or is it something different?—A. That is not at all what we call a conference.

Q. I am objecting to your terminology, just as you are objecting to mine. I would suggest to you that where rates are fixed by conferences between the people who are going to charge them and the people who pay them, that that is a conference, but that if the rates are fixed entirely by the people who are going to charge them, that is a combine.—A. Your suggestion would be—. I would assume that the other was more of a combine, because you get a group of shipowners and shippers agreeing that these rates should be not only charged but paid. There is a combination still.

Q. You would not agree with me that there is a difference between a conference of people who are going to charge and people who are going to pay, and a conference between only those who are going to charge?—A. It does not seem to me that it helps very much to discuss words.

Q. You were objecting to the words. It seems to me that is a combine, in the strict sense of the word. I ask you to question, that if the people who are going to charge meet and fix the rates, that is a combination of shipowners fixing rates. Is that right?—A. You should send to McGill University to get an answer to that.

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Q. You prefer not to answer. Then you referred to an economist, that you were giving this evidence or opinion as though you were an economist. Would you give it as your opinion that anybody, say shipowners, should be permitted to meet and fix rates without any measure of control whatsoever? Do you say that is a sound economic principle?—A. According to the report I have read, the point of view of the shipowner is a very proper one. If they do not do it they ought to be ordered to do it, so they could give every measure of stability and uniformity which the Canadian public wants.

Q. I am not discussing that feature at all. I am asking you a question, you see. I am asking whether you stated as an economist, whether or not it is a sound economic principle in your judgment that the people who charge the rates should meet and fix them, absolutely free from control.—A. I understand that in England questions have been raised in regard to pool prices, prices of grain. There is a very strong agitation by the socialists in England against the system which they say controls the grain supply. Those of us who believe in private enterprise have had to make up our minds whether socialism or the doctrine of private enterprise is sound, and we know that the system of private enterprise itself has an automatic control in matters of this kind, unless you can control the source of supply, or, by government assistance, possibly control prices and rates. There may be a higher price paid for a short time than would otherwise be paid, but not in the long run.

Q. You have hardly answered my question, and I think it can be fairly answered by yes or no. Do you, as an economist, say it is a good economic proposition that rates should be fixed by the people who charge them, free of all control?—A. Yes, certainly.

Q. You say that?—A. I think it is very sound.

Q. Is it a fact, then, that today there is a great excess of tonnage?—A. That is true, yes.

Q. And a great lack of cargo?—A. Yes.

Q. As a result of which, one would expect that rates would decline appreciably?—A. They have relatively declined very much indeed.

Q. I say, as a result of which one would expect it?—A. Not only do we except it, but they have in fact declined.

Q. One would expect it as a result?—A. Yes.

Q. Now, you say they have declined?—A. I say they have, relatively.

Q. Oh, I see. Let us leave out the word "relatively"—A. Are you comparing pre-war rates?

Q. I am comparing the last three or four years with the pre-war period. The rates have not declined, have they?—A. As compared with the pre-war period they are very much greater and the profits very much smaller.

Q. As compared with that time, 1913, which you named as one of the big years, they have increased very tremendously?—A. That is true. I think the grain rate is much the same.

Q. That is an open rate, is it not? At least, I understood my learned friends to say it is open, but yours are not open conference rates.—A. No particular rate is open in the same sense the grain rate is, but the general level is not open; that is fixed by the law of supply and demand for tonnage, otherwise obviously the shipper would increase the rates so as to maintain a profit. As between rate and rate, then, the shipowners have to take into consideration all the views put before them, the consideration of costs and so forth, and then have to quote a rate which seems to them to be in the interests of both parties.

Q. That is, whatever they think is the best. It is in the hands of the one party?—A. No, it is not. The shippers only wish it were.

Q. Coming back to my question, in this shortage of cargo and excess of space which has existed say, during the year 1924, have there been any declines

in rates on the North Atlantic, in 1924?—A. I hope not, because of increased expenses.

Q. So that rates in 1924, when there was a plethora of space and a shortage of cargo, were a great deal higher than they were in 1913, when there was a shortage of space and an excess of cargo?—A. I said they were relatively lower.

Q. I say rates are higher now.—A. The actual rates are higher, and the working cost is still higher.

Q. I am coming to that point now.

Mr. MONTGOMERY, K.C.: Let him come to his point, please.

Mr. SYMINGTON, K.C.: But he is lecturing me on this question.

By Mr. Symington, K.C.:

Q. You say that the ratio of expenses was higher in 1924 than it was in 1913, than the rates were in 1924 over 1913?—A. Yes, certainly.

Q. Will you give me the figures? I have been trying to get them?—A. They have been prepared; we have full figures, and another witness will give them to you.

Q. You have not them?—A. No.

Q. You are sure they are higher relatively?—A. The expenses?

Q. Yes.—A. As compared with the freight rates, certainly. I tell you 1913 was a big year. The margin left to the shipowner was bigger then than it is today.

Q. But that might arise from altogether different conditions. For instance, you have so much space now and so little cargo, and then you had more cargo and less space. You do not know.—A. Yes, I can assure you that that is a fact, but you will have the actual figures before you.

Q. Now, you make the statement that freight rates between the United Kingdom and Canada are on a par with those between the United Kingdom and U. S. ports. Are you speaking of westbound or eastbound traffic?—A. As a matter of fact I was speaking of both; that is, between Canada and the United States and the United Kingdom. Eastbound and westbound are the same. I understand that in certain cases, where some expenses are dealt with differently, the rates to Canada are lower than to New York. Canada has an advantage in that, but otherwise the level of rates is the same.

Q. Do I understand that is from a switching of the tariffs?—A. Other witnesses will be able to speak on that.

Q. You are giving your knowledge and opinion, because I am satisfied from studying it that they are not the same.—A. You may find cases where the Canadian shipowner has acted differently in certain cases, but I understand the committee is to deal with the whole subject. I am speaking of the general level of rates.

Q. You do not deal with flour or grain or anything in particular?—A. You are speaking of conference rates, are you not?

Q. Yes.—A. You know the flour rate, and evidence will be put before you. I am told, that the flour rate charged by the liner is lower than the tramp rate, for reasons which they can give you. Therefore, there is no necessary correspondence between the rates on flour.

Q. You know that the rates on flour were lower from the United States than from Canada. We are discussing the same thing now.—A. You were discussing conference rates.

Q. Conference rates. I mean, have you studied the subject, when you make that statement, or are you making a general statement?—A. No. Do not let us have a useless discussion. You know there are certain rates on a manufactured article, and so on, which are merely called conference rates. Then there are certain other rates like grain rates, which are not called conference rates. It is true that the liner people have to make up their minds each

day what they are to charge to carry the goods, but they are not called conference rates, and I am speaking of those conference rates against which a complaint has been made.

Q. That is exactly what I am speaking of, and I am suggesting that there is or was a difference in the conference rate on flour, and therefore the rates are not the same.—A. I am told there is no difference in the rate. Have we not a report upon that?

Q. There is a late report upon that.—A. It is not out yet?

Mr. SYMINGTON, K.C.: I have not seen it yet.

The CHAIRMAN: What Mr. Symington asked the witness was whether there had been any difference.

Mr. SYMINGTON, K.C.: Yes, I used the past tense.

The WITNESS: I did not know you said "had been," because we know there has been, and I understand the shipper has been giving the merchants the benefit of the flat rate, and if there is any loss they are going to pocket it.

Q. And you know, do you not, that in the United States there is a differential between grain and flour to and from Canadian ports—or did you know that?—A. Yes, I have heard of the differential, but I would like to see the report.

Q. You know it exists? You know there is a differential which the United States ports insist upon, a five-cent differential in favour of grain over flour, and no differential in Canada? You know that to be a fact?—A. Yes, that is right. I think that has been under consideration by every shipping company.

Q. Now, I suppose in this statement here, from something you have said, that you are giving the view of the shipowners?—A. I am doing my best to reflect the shipowners' view, yes.

Q. In your report, the only suggestion I find that you make to the Committee, speaking for the shipowners, is a reiteration of the suggestion that the Imperial Shipping Committee should advise the governments of the Empire?—A. That is right.

Q. That is the only concrete suggestion you make to the Committee in the report?—A. That is what your own country has asked for.

Q. Let us forget that now, and you help us. Can you make any other suggestions?—A. I have none, excepting the suggestion which they themselves have made, namely, that the merchants or the people affected should meet the shipowners. That is a perfectly sound suggestion, to my mind. I know how they are satisfied in England with that, that they should discuss dock charges together like that, and I am sure it satisfied the dock authorities. For example, I will give you an instance of how the whole thing works out. The coal trade, we will say, is very anxious to get a lower trimming charge, and the whole Committee said, "Well, if you are being charged a high rate, we quite agree that you should get it lowered, and we would be glad to stand aside and let you have the facts tried out on that issue, but we, as other traders, will make it perfectly clear to the Minister of Transport that if you are being charged no more than the relative cost of handling the coal, we shall ask the Minister of Transport not to order any decrease in the rates." Now, it was found that the charge was not too low, having regard to the cost of handling the coal.

By the Chairman:

Q. Not too low, or not too high?—A. It was not too high; I beg your pardon. In a case of this kind I could see great advantages in discussing questions like this. Let us take the case of flour. I understand a shipowner to say that 5 cents is not a big enough differential between grain and flour. I know, as a solicitor who had to deal with cargo claims, what a big difference there is in

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the question of cargo from the Thames point of view; I know how difficult it is to handle flour, how it receives damp, and becomes spoiled; on the other hand, I know how easy grain is to handle; you can pump it in and out like water; you may want it for ballast, and you may have a special reason for taking it for freight. There is a case where a body representing the whole of the interests could discuss matters together, and act perfectly fairly and squarely, as we do in that Committee, and you would find instead of particular interests appealing to the Government, they would appeal to themselves, and appeal to their own common sense.

By Mr. Symington, K.C.:

Q. I suggest to you that the millers in this case did approach the Conference on at least two or three occasions, finally got nowhere, and had to deal with the Government?—A. Yes, but did they say to the other shippers, "Now, are you prepared to agree to put up your rates in order that we may have this freight"? Because, after all, that really is the issue; that is really the issue. They asked the shipper whether he would bear the loss, and the shipper said, "No, I would rather not carry your cargo; I am already losing money and I cannot afford to lose more than I need," but if the other interests had said, "We are quite prepared to bear a bit more," they would not have had to bear much more to enable the miller to get his lower charge.

Q. These two recommendations which you have suggested have been on the boards for four or five years, have they not? That was mentioned in this Shipping Ring Reports and Dominion Conference, and you are speaking now for the shipowners. What have the shipowners ever done to bring about a remedy in the last eight or nine years?—A. There has been real progress. I think the Committee itself gives its account of various associations of that kind which have been formed. I think it gives a list of them

Q. To meet the Conference?—A. To meet the Conference and discuss matters.

Q. The reason I asked that is that in one of the minutes of the Conference is the statement that a body of shippers in New York requested to meet the Conference to discuss the rate, and the Conference said, "Tell them that is a matter for each individual Line," and they saw the Line later, through which they shipped. Have you any suggestion that there is any change of heart?—A. I am quite sure if, in fact, the real shippers would all agree—I say "real shippers"; not merely people who claim, like the Socialist leaders, to represent people whom they do not represent—but if the real shippers themselves would meet and have a Conference and say, "Let us discuss these rates," it could be done, and be done with advantage. I do not speak from any personal knowledge of the point of view of the shippers of Canada on that subject, but from those with whom I have talked, I think they would be glad to welcome it

Q. What is the objection to control by a Conference body?—A. Because I believe it is in the worst interest of the trader as well as the shipowners. You cannot have control without monopoly and neither a tramp shipowner nor a liner owner thinks it is desirable.

Q. I quite concede that is so, but granting the argument, would that cause a monopolistic system in the liner traffic on the Atlantic to and from Canada?—A. That is what is called a quasi monopoly already, and you will see how powerless it is when the law of supply and demand seems to forbid it.

Q. We think it keeps them up, but we may be wrong. Even the Shipping Ring of the Imperial Conference held that it at least kept them from going down, and a minority report said that they seriously kept them up?—A. They slow them up and slow them down.

Q. After granting all that, what is the objection, apart from the statement that you do object to a control? What is the reason for your opinion?—A. My first reason is this. I have never seen business better done by a government than

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by private people; I have never seen interference by government with commerce do aught but a great deal of harm, and I am quite sure if the Government interfered with rates—either particular rates or general rates—they would do harm, and if they interfered in the way proposed, I believe they would do more harm than anything.

Q. You might have a line on this route in competition which faces lower rates; what would be the result of that?—A. In America they have forbidden fighting ships. I gather that the proposal in Canada is that the Government should subsidize a line of fighting ships. That would not do good. You cannot get stability of rates if you have a line of fighting ships.

Q. Supposing this line, subsidized or otherwise, goes into commission and freight rates are lowered 10 per cent: what would be the result on the balance of the rates?—A. Let us suppose——

Q. Can you not answer that without supposition——

Mr. MONTGOMERY, K.C.: Let him answer. It is all opinion evidence anyway.

By Mr. Symington, K.C.:

Q. —if the line goes on and a particular rates is lowered 10 per cent by this new line, what would be the result on freight rates in general between Canada and U.K. ports?—A. If this particular line reduced its rate by 10 per cent?

Q. Yes?—A. I take it the Conference Line would have to consider the alternative; either they must meet the rate or hold to their own rate. No one on earth can prophesy what they would do. Let us suppose, in the first place, they decided they must meet the rate and met the rate indefinitely. The result of that sort of action, in the first place, would be this: anyone who had any money to invest in England, or in any part of the world—Canada—and who was disposed to invest it in shipping would say that the last place to invest it is Canada, and, therefore, there would be no capital ready to be invested in Canadian shipping. They would be willing to invest it in any other form of shipping but not Canadian; consequently the lines themselves, if there was a 10 per cent reduction, would be still further crippled, and if that reduction were permanent, they would be unable themselves to build up those reserves which are so essential, if you want to have a development of the Line.

Q. In other words, it would slow up building?—A. Certainly, it would do that.

Q. I understand we have quite an excess of that at the present time?—A. Yes, but you must keep building—in liner service especially.

Q. Have you studied the Canadian liner service? Is it not essentially a passenger service?—A. No, I do not think it is essentially a passenger service, as far as I can see.

Q. The reply of the steamboat people pronounces it paramountly a passenger service?—A. I have asked Mr. Donald to ascertain that for me.

Q. But you must have a certain proportion of that?—A. You must keep pace with the times and build vessels suitable for trade in ten years' time.

Q. They build their boats for passenger business primarily?—A. I will give you a good example of what will happen if you have freight control. It was told me the other day in regard to cattle. One man said to me, "I was asked by the shipper to carry cattle and I said I could not afford to do it. He said, 'what will you take?' and I said, 'I am not going to take more than the current rate, because I am not prepared to be criticized in public opinion'." Now, if he had been prepared to accept the rate which the cattle shipper was prepared to give, he could have afforded to adapt his ship to the cattle trade. Even to the extent to which the cattle rate has been held down by public opinion, you have had, at any rate, some tendency on the part of the shipowner to adapt himself to circumstances, and anyone who knows anything of private enterprise knows how quickly the commercial world adapts itself to the

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requirements of commerce. As you know, the trade has become disorganized because of the cattle embargo, and they cannot quickly adjust themselves entirely, in the face of these conditions.

The CHAIRMAN: Gentlemen, there has been a suggestion that we should have an Editorial Committee, a subcommittee of this Committee, to look over the transcript of the evidence as it comes from the reporters day by day, so we may be sure everything is correct. My own feeling is that if one of the counsel on one side and the other with one or two members of the committee would care to act, that would be a wise way to organize such a sub-committee. What do you think, Mr. Solicitor General?

Hon. Mr. McMURRAY: I think that would be a fair division of the labour.

The CHAIRMAN: I would be glad to undertake the work entirely myself, excepting that I anticipate it will be rather heavy. Sir Henry (Drayton) makes the suggestion that we might appoint two of the counsel for this purpose, and in the event of a disagreement they could refer the matter to me. If that is agreeable, I will appoint Mr. Donald and Mr. McKenzie as an Editorial Committee, to go over the evidence, and if they will bring any corrections which they think should be made, to me, I will be glad to confer with them.

(Discussion in regard to procedure to be followed at future sittings of the committee was here had).

The CHAIRMAN: My view is that one of the essential parts of this investigation is the establishment by steamship companies that the rates which they fixed in collaboration one with the other, and without the concurrence of those persons who try the rates, as being just and reasonable, and I propose directing the attention of the committee in the first place to this feature of the case.

Mr. SYMINGTON, K.C.: We will proceed then on that branch?

The CHAIRMAN: Yes; we will proceed along those lines.

The witness temporarily retired.

The Committee adjourned until Tuesday, April 21, 1925.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 3—Tuesday, April 21, 1925.

COUNSEL

Mr. H. J. Symington, appointed to assist the Committee.

Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,
C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Mr. H. M. Cleminson, General Manager of the Chamber of Shipping, of the
United Kingdom, London, England (*continued*).

Mr. David Young, Chartered Accountant, Partner in the firm of Price,
Waterhouse & Co., Montreal.

EXHIBIT

No. 35—Statement of combined earnings and operating expenses of cargo
steamers of various steamship lines operating in the North Atlantic
Canadian Trade. (Read into evidence.)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 231,
TUESDAY, April 21, 1925.

MORNING SESSION

The Committee met at 11.00 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present:—Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—13.

Communications were received from the following:—Committee of Management of the Montreal Corn Exchange, Council of the Montreal Board of Trade, Montreal Dairy Producers Exporters' Association, Montreal Produce Merchants' Association, Alberta Cattle Breeders' Association.

Mr. H. M. Cleminson, who was again in attendance, was further examined, and retired.

The Clerk was instructed to procure for the use of the Committee, copies of charts showing the interlocking Conferences on the North Atlantic.

The Committee adjourned at 1.15 o'clock p.m. to meet again at 4.00 o'clock p.m. this day.

AFTERNOON SESSION

The Committee resumed at 4.00 o'clock p.m., the Chairman, Mr. McMaster, presiding, and with the same members of the Committee present as during the morning session.

Mr. H. M. Cleminson, who was again in attendance, was further examined and retired.

Mr. David Young, Chartered Accountant, Partner in the firm of Price Waterhouse & Co., Montreal, who was in attendance, was called, sworn, gave evidence and retired.

During the course of his examination Mr. Young filed Exhibit No. 35, "Statement of combined earnings and operating expenses of cargo steamers of various steamship lines operating in the North Atlantic Canadian Trade," which was read into the evidence.

Discussion followed in regard to procedure at future meetings of the Committee and the Chairman undertook to endeavour to arrange that the meetings of the standing Committee on Canadian National Railways and Shipping and of this Committee should not conflict.

The Chairman gave the following

RULING

"I think that, having had counsel placed at our disposal, we should proceed first at any rate along the lines counsel has indicated, and which I think personally are reasonable lines: He has asked for the production of a great deal of material; a great deal of material has been furnished and furnished very readily and with great promptness. There is other material which I think very essential to the conduct of this inquiry, which has not yet been produced, but concerning the production of which we are at present trying to find a way which would be fair to the country and to the interested parties, and we are trying to work that out. I would implore the patience of the Committee for a little while longer until it has been worked out. I hope tomorrow afternoon to be able to make a statement as to exactly what is to be done, or suggest to be done, because after all I am only one member of the Committee, and the Committee will have to decide whether I am right in my suggestion or not.

"Meanwhile I do not see any objection to asking the Canadian Management to produce some typical voyage accounts. It may do some good, it cannot do any harm. It has been suggested by a member of the Committee and therefore I am going to ask the clerk to communicate with the management of the Canadian National and to ask them to produce before the Committee some of their typical voyage accounts, that is, voyage accounts of typical ships. I should say that they should produce those of the ships which more nearly resemble ships in the lines on the North Atlantic. There are not very many of them but there are a few..... They can produce the accounts of typical ships for an entire season."

The Committee adjourned at 6.35 o'clock p.m. to meet again at 2.00 o'clock p.m. tomorrow, Wednesday, April 22, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, April 21, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock, the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The meeting will please come to order. I wish to draw attention of the Committee to five communications, two to the House of Commons from the Montreal Corn Exchange, and the Montreal Board of Trade; which have been referred to us; two from the Montreal Produce Merchants Association, which have been sent to me as Chairman; and one from the Alberta Live Stock Association. In brief, three of these are framed in a critical spirit in regard to the Petersen Contract, and the one from the West is to the effect that they desire to express their appreciation of the efforts of our Federal Government to secure lower rates on steamships for export cattle to Great Britain. I will not delay the Committee by reading all of these, but will give them to the Clerk for safe keeping.

When the Committee adjourned on Friday last, we were having the pleasure of listening to Mr. Cleminson, who will now be cross-examined by Mr. Symington, on behalf of the Committee. May I make this suggestion, gentlemen? As the examination proceeds I think we should take notes of questions we would like to ask, and refrain from asking questions until Mr. Symington has finished. To do otherwise, would be to interject questions which perhaps Mr. Symington will, in the course of his examination, ask, and, therefore, I make the suggestion that Mr. Symington be allowed to deal with the witness, and after he has finished, the individual members of the Committee will have the opportunity to ask those questions which have not been asked.

HENRY MILLICAN CLEMINSON recalled.

By Mr. Symington, K.C.:

Q. Mr. Cleminson, you made some remarks about "Control stations." What personal knowledge have you with respect to control stations,—apart from what you have been told, I mean?—A. My first connection with it was when the Board of Trade was consulting the ship-owners in connection with the Report of the Board of Trade Committee on Ship-building and Shipping, after the War. I have made reference to that report, and I have a copy of it here which I shall be glad to put in, in which the full history of the case is made.

Mr. MONTGOMERY, K.C.: Would it not be convenient for him to put it in now?

Mr. SYMINGTON, K.C.: You may do that in re-examination, if you like.

By Mr. Symington:

Q. I understand your first knowledge of control stations was obtained in 1919 or 1920, after the war?—A. I think 1917. On a more recent occasion the subject was raised by the Chamber of Shipping because even after the war difficulties were placed in the way of British ship-owners carrying on an emigration business from Germany by the limitation of the number of agents they were allowed to have and I think you will find a reference to that subject is covered in a recent Anglo-German Treaty.

Q. Did you yourself go to Germany to make enquiries about those control stations?—A. No Sir.

Q. Do you know where they were?—A. No, I have not got that in my mind.

Q. Have you the names of the principal control stations?—A. No. I think they would probably be set out in that record.

Q. You don't know that yourself?—A. No.

Q. In what period of the year do your remarks upon control stations refer to?—A. I know no more than is in the published document in that respect.

Q. Is this address you wrote your own?—A. Yes.

Q. I notice you contradict quite flatly Mr. Preston. Do you know in making that contradiction what period Mr. Preston was referring to.—A. I understand that he suggested that that was a means whereby the North Atlantic lines together arranged to secure the immigration trade for themselves and to keep any outsiders from taking any benefit from it.

Q. Do you know what period he was referring to?—A. No.

Q. So that you did not make that enquiry for the purpose of that flat contradiction, whatever period he was referring to?

Mr. MONTGOMERY, K.C.: What period would you suggest he was referring to?

Mr. SYMINGTON, K.C.: He will tell you.

Sir HENRY DRAYTON: That just illustrates some of the difficulties of going on this way.

Mr. Symington, K.C.:

Q. I have before me a copy of the United States Committee on Merchant Marine and Insurance, House document No. 154 in reference to control stations. This immigration business was divided up in percentages among the lines. I am referring to the passenger agreement in the American-European traffic commencing at page—

Sir HENRY DRAYTON: That is the Alexander Committee?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SYMINGTON, K.C.: At page 26, and the percentages allotted are given at page 22 Document 154.

The CHAIRMAN: What year is that?

Mr. SYMINGTON, K.C.: 1913 and 1914. For instance I find there an agreement between the M. D. L. V.—that was the German Line, whereby the Canadian lines agreed to carry no other passengers other than Scandinavian or Finnish. Have you any knowledge of this?—A. I have no knowledge of the details.

Q. Do you know what conference lines did enter into an agreement to divide up the percentage of traffic amongst themselves?—A. The point Mr. Preston makes, I understand, is this: He directs his attack against the British lines, suggested this is a case showing turpitude of the British lines.

Q. I have no doubt Mr. Preston will tell you about that because he was there at that time.

Mr. MONTGOMERY, K.C.: How many years ago was that.

Mr. SYMINGTON, K.C.: 1898 to 1907, probably 1900.

Q. Now, Mr. Cleminson is there anything employed such as fighting ships now? You referred to fighting ships the other day.—A. I don't know.

Q. You don't know?—A. I understand America has forbidden fighting ships and this seems to me to be the very same thing on a much grander scale.

Q. I am asking whether or not the conference lines have abandoned fighting ships and you say you don't know.—A. No.

[Mr. H. M. Cleminson.]

Q. When was the last rate war in the traffic between the United Kingdom and Canada?—A. I think you will have to ask one of the owners in the trade.

Q. Therefore, I presume you cannot tell us the results of such a rate war. You cannot say whether it reduces or increases rates, from knowledge?—A. The effect of a rate war must immediately reduce rates. It may even send people into bankruptcy who are parties to it.

Q. I understand you to say that there was a difference of rates between the continental ports and Canada and between the United Kingdom ports and Canada?—A. I understand there is still a difference between them.

Q. The traffic between the United Kingdom and Canada being higher in price than the traffic between the Continent and Canada?—A. I understand some rates are higher; some rates are lower.

Q. Are the higher rates a result of the rate war condition?—A. I could not tell you the extent to which they are due to economic conditions and rate war conditions. I drew attention to both aspects of the problem.

Q. I want to ask you whether the rates in Canada were influenced by the port charges in Great Britain?—A. The port charges mean that the shippers are put to greater expense.

Q. When the Continental Conference was working properly there was not a discrimination against Great Britain in spite of their higher port charges?—A. I pointed that out in the paper I read the other day. The ship-owner had to bear the loss.

Q. Do you know whether there is much difference between the operations of the Conferences as compared with what they were in 1913 and 1914?—A. I could not tell you. As far as I know there is no substantial difference? I understand that the tie in shipping in the North Atlantic is of the flimsiest possible kind, that anyone may leave the Conference at very short notice. There are no rebates and I think you will have to ask someone who knows about the details of the Conference.

Q. In the North Atlantic Conference are there many important lines outside the Conference?—A. I don't think so. It shows you how impossible it is for lines to keep them out.

Q. Do you notice the efforts to get them in that were made?—A. There are two sides to the problem, are there not?

Q. Quite so, but you are drawing a conclusion which is not perhaps justified by the facts. That was all. So that we may take it—A. You may term it a loosely bound conference.

Q. But there are no lines of importance outside the North Atlantic Conference, on the North Atlantic.—A. I don't know I am not aware of any.

The CHAIRMAN: You may ask him whether in view of his position in the shipping world there would likely be any of which he was not aware.

A. I could not charge my memory with that. As I told you the other day the Conference system is due to a condition and there are an infinite number of these conferences all over the world. It depends on conditions. Whenever you get two lines running together, serving the same ports, there must be a getting together of lines to exchange ideas of the rates and unless they agree to stick to the rates until they change them you would not get your stability of rates that you require.

Q. You are here representing the Conference members, the ship-owners?—A. No, I am not here representing the conference members. I am representing the Chamber of Shipping.

Q. We want to get away from theoretical side and get down to facts. What conferences are there on the North Atlantic?—A. I don't know; you will have to ask one of the witnesses who knows.

Mr. MONTGOMERY: K.C. I think there are 80 of them in that. (Holding up a book).

By Mr. Symington, K.C.:

Q. Who is the Secretary of the Conference on this side?—A. I do know that but I have heard his name since I came out. I think it is Mr. Morse.

Q. Do you know how many conferences he is Secretary of?—A. No. I could not tell you.

Q. Is he the representative on this side of all west bound conferences?—A. That I don't know.

Q. Do you know anything of the understandings between conferences?—A. No, I think I have told you I could not tell you to my knowledge, in that paper.

Q. In connection with some of your remarks, first, let me ask you would you say that the rates on tramp steamers are open rates?—A. Yes.

Q. The result of supply and demand?—A. Yes, purely.

Q. Would you say the same thing about Conference Rates?—A. Yes, in the main they are the result of supply and demand just as truly.

Q. Are they open rates?—A. They are not in the same sense open rates.

Q. I am referring now to the Royal Commission on Shipping Rings. They state at page 15: "On bulk goods or whole cargoes the high class service of a liner is not essential, and a low rate of freight is of far more consequence than speedy and regular transport." Do you agree with that?—A. Bulk cargoes? Yes, I state here the rates are lower by these liners than by the tramps for various economic reasons.

Q. With reference to bulk goods or whole cargoes the rate is the important thing is it not?—A. Yes, I think so.

Q. I find at page 36, the statement—"That any internal competition is a competition affecting not the rates of freight but only the facilities offered by the various lines. Where the trade of a conference is distributed over a large number of ports the fitful opposition of the tramp is not so serious."—A. I think they go too far. I think they do not recognize that the over-all level of charges on the liner are affected by the market conditions.

Q. That is, the basis of your theory is, and as we have heard the evidence, that for a long period of time, although these rates are fixed by the Conferences, they are governed by supply and demand?—A. You will find the evidence given shortly after I sit down will show that at present the Conference is unable to secure a profit.

Q. But have I stated it fairly?—A. I think that is right.

Q. So that you would disagree with that statement of the Royal Shipping Commission?—A. The Commission on rates.

Q. You think it goes too far?—A. The Commission rates?

Q. Yes.—A. That is right.

Q. I have been reading from page 36. Then at page 40 I find this, that rates are no longer assessed according to the value of the tonnage as determined by supply and demand, the limit in the case of each commodity is what the traffic will bear; do you agree with that?—A. I think that is a big, broad principle. The next question is, what is a fair test as between cargo and cargo what is required to attract cargoes, and other considerations of that kind.

Q. All I was asking you was whether in discussing their findings upon this liner conference you agree or disagree with the statement that rates are no longer assessed according to the value of tonnage as determined by supply and demand, and that the limit in the case of each commodity is what the traffic will bear.—A. The limit is what the traffic will bear.

[Mr. H. M. Cleminson.]

Q. Yes.—A. Yes, but obviously if you give one person a rate which the shipper can afford to pay and charge another shipper a rate he cannot afford, you are keeping up artificial trades.

Q. My question is, do you agree with it or do you not; can you answer the question?—A. I have answered it.

Q. I will read it to you again; it says that rates are no longer assessed according to the value of tonnage as determined by supply and demand, that the limit in the case of each commodity is what the traffic will bear. Do you agree with that or not?—A. The limit of what he can charge is what the traffic would bear?

Q. That he does charge?—A. That he can charge.

Q. No, that he does charge?—A. Are you suggesting that he charges as much as the traffic will bear?

Q. I am trying to make myself clear, Mr. Cleminson.—A. But that is not a clear statement, Mr. Symington. There is great competition; there is competition between various shippers in all parts of the world; the British ship-owner obviously cannot charge the Canadian shipper a rate which will put him at a disadvantage in comparison with Australia, for instance.

Q. But do you agree or do you disagree with the statement that the limit in the case of each commodity is what the traffic will bear?—A. I think it is too sweeping altogether.

Q. Do you agree that the rates are no longer assessed according to the value of tonnage as indicated by supply and demand?—A. That question loses sight of the big principle which governs.

Q. At page 49, in discussing the Conference rates and system, it says the effect of the rates which the ship-owners demand—(Discussion followed—as to question without stating contents).

By Mr. Symington, K.C.:

Q. I will put it then as my own language. Do you say that the effect of the conference system now is to compel a choice between service given on regular lines and sailings otherwise offered?—A. I do not get the effect of the conference system at all. Did you say, to compel a choice between service given on regular lines and sailings otherwise offered, that is, between conference lines and sailings otherwise offered?

Q. Yes; in other words, may I put it in this way, that all competition with liners is eliminated?—A. To the extent to which conference lines are at peace and there is an agreed rate for the time being, the rates are the same.

Q. You have told us that so far as you know every line on the North Atlantic is a conference line.—A. The competition in other lines is intense, and competition with one line or another to reduce rates when it is to their advantage is also great.

Q. Would you say that the tendency of the conference system has been to place rates on a higher plane than previously existed or to arrest the tendency of rates to fall?—A. The conference sprang out of ruinous rates to the companies. I think that is so, in the North Atlantic.

Q. It also arose out of self-protection, to keep rates from falling?—A. I think so.

Q. Would you subscribe to that opinion, that they have achieved their purpose in that regard, namely, of keeping the rates up?—A. Not up to a profit level always.

Q. But keeping them up?—A. I tell you that the general level of rates of the tramp and the liner corresponds and that is the big answer the country wants, not quibbling answers.

[Mr. H. M. Cleminson.]

Q. No matter whether you consider it quibbling or not, Mr. Cleminson, I have asked you whether or not, in your experience,—because you have been put forward publicly as an expert—the result of the conferences has been to keep rates up?—A. To an unreasonable level?

Q. No; please answer the question; to keep rates up higher than they would have been if the conference had not existed.—A. Yes, in the way you put it, it is right, because you secure the benefit of a service in a way which you could not otherwise do. You cannot look at one side without the other.

Q. Then do you subscribe to this statement, that the published accounts of the steamship companies do not permit a proper conclusion as to their proper earnings; I ask you whether you subscribe to that statement; is it right or wrong?—A. I think the published accounts of a steamship company are like any other company's, you can get a general idea.

Q. Do they permit a proper conclusion as to their earnings?—A. Just as much and just as little as any balance sheet.

Sir HENRY DRAYTON: I hope it is more than ours.

By Mr. Symington, K.C.:

Q. Do you prefer not to answer the question, Mr. Cleminson?—A. I think I have answered it.

Mr. MONTGOMERY K.C.: He cannot give a more direct answer than that.

The WITNESS: If you want me to, I can give you an extract from Fairplay, which will show you very low rates of profit.

By Mr. Symington, K.C.:

Q. We want your views, Mr. Cleminson, and I simply ask the question whether it is in your opinion correct to say that the published accounts of the steamship companies do not permit a proper conclusion as to their earnings?—A. You have had my answer.

Q. That is the only answer you will give me, is it?—A. I think it is an accurate one.

By Sir Henry Drayton:

Q. You agree with Fairplay?—A. That is right.

Q. Well, what is it?—A. He said he did not want Fairplay.

Q. But is it your opinion or not, that is what Mr. Symington wants?—A. So far as the balance sheets show Fairplay has given us some idea of the profits made by both liners and tramps over a long period of years.

Q. Mr. Symington's objection is perfectly right; do you adopt it, that is what he wants to know?—A. I cannot say whether it is right or not, because I did not examine it.

By Mr. Symington, K.C.:

Q. Let us get along with something else. I will ask again whether you will subscribe to this, that a system which does not adjust its supply and demand to the tonnage must exact higher rates than under supply and demand.—A. Will you repeat that?

Q. I am actually reading from the Royal Shipping Report, and my friend objected to my stating it in this way.

Mr. MONTGOMERY, K.C.: I did not object; my objection at the time was that you were questioning him on something involving deferred rebates.

By Mr. Symington, K.C.:

Q. I have not the book before me, I am taking my own notes. At page 57 you will find a statement that the system which does not adjust its supply

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of tonnage to the demand must result in the exaction of higher rates than under supply and demand; would you subscribe to that?—A. I understand that so far as they are adjusting their supply, they have exceeded their supply; there is no limitation to the supply, as I understand it. As I understand it, it is not suggested that there has been any restriction of the supply of tonnage by liners any more than by tramps, that is, any restrictions as to the profitableness or unprofitableness of the freights taken.

Q. I would suggest that there is too much tonnage and that we are paying too high rates?—A. Are you suggesting that the lines should agree, conspire, and combine to limit tonnage?

Q. Yes.—A. Put into this trade?

Q. If you considered it desirable to lower the rates, would that double the traffic?—A. You must ask the experts about that.

Q. Do you know?—A. No, I do not, of my own knowledge.

By the Chairman:

Q. What is your opinion as an expert upon that point? We would like to have it.—A. I think, generally speaking, by a curtailment of the services they might be able to make some reduction in rates; I should think so.

By Mr. Symington, K.C.:

Q. The result would be that they would be able to control it?—A. There is nothing to prevent outside lines trying to barge in, if they see a profit in this particular trade which is a bit higher than the profit in the next door trade, the tramps or the wouldbe liners.

By Mr. Symington, K.C.:

Q. Or the liners?—A. Why not have the liners or would-be liners?

Q. I am speaking of liners?—A. It is most economical for a liner, the better class of liner, to be able to run in a particular trade, but the margin between the suitability of one trade and another varies considerably.

Q. I am refering to the minority report now; I have been examining you upon the majority report of the Commission.—A. Perhaps you will tell the Committee that the majority report showed that they came to the conclusion that even with rebates the conference system was necessary in the interests of the shippers.

Q. I do not so interpret it. However, the Committee have it before them and can read it themselves. It is before the Committee, not individually, but a set has been filed for the Committee, or will be filed for the use of the Committee.

The CHAIRMAN: As a matter of fact, Mr. Symington, a resume of both the majority and the minority reports of that Committee on shipping in 1919 is found in the report bearing date 18th day of June, 1923, made by the Special Committee on Agricultural conditions at the session before last.

By Mr. Symington, K.C.:

Q. Quite so. Now I find that they stated the real object of the combine was to exclude competition and to raise or maintain rates of freight. They have it in the blue books, anyway, in their offices. At least I have seen it in some offices. I think every member has got a copy of it.

Q. Do you subscribe to that, Mr. Cleminson?—A. I did not hear the question, Mr. Symington.

Q. That the real object was to exclude competition and maintain or raise rates of freight?—A. The object of any commercial man is to get what he can for the services he renders, and he can only serve the public if he does that successfully.

Q. That was the object of the conference?—A. That is right.

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By Hon. Mr. Stevens:

Q. The sole object?—A. I do not think it is the sole object of the conference. As I said before, obviously those who believe in private enterprise know how the thing works. An individual, a person, does his best to reduce his own charges, and get what prices he can for his own services and his own goods.

Now, on page 98 they say this:

“All monopolies are liable to abuse to a greater or less extent, unless they are strictly limited either by the nature of the case, by legislation, or by some form of supervision. There is a presumption against a monopoly in any branch of trade being beneficial to the community.”

Does that meet with your views?—A. It really is amusing to me to talk about a conference as a monopoly, in the same sense as a proper monopoly.

Q. We are talking about conferences now, so you can eliminate all outside things, and I am drawing your attention to whether or not that may be applied to these conferences.—A. This conference has no more a monopoly than the Canadian Grain pool has a monopoly of the world's supply of grain.

Q. That would not make it better, Mr. Cleminson. I am asking you if you subscribe to that doctrine?—A. And what is the doctrine?

Q. “All monopolies are liable to abuse to a greater or less extent, unless they are strictly limited either by the nature of the case, by legislation or by some form of supervision. There is a presumption against a monopoly in any branch of trade being beneficial to the community.”—

A. Clearly, if it is a real monopoly; if, for instance, you were given a monopoly of the coal fields of England, you would be in a very strong position to charge very high prices. There is no monopoly of that kind in the shipping industry; it does not exist.

Q. You would say, then, that where a conference which has in its membership all the liner lines running across the Atlantic, and they issue tariffs of rates, it is your contention that that is not a monopoly?—A. There is a control much more effective than any control any government could introduce artificially, if you would only realize the force of the economic control.

Q. We have not come to the government control yet. I was just asking you—I was coming to that in a moment, but now I was just asking if you think that statement is correct, that monopolies should have some form of supervision?—A. In England, as in Canada, where a very strong monopoly is given to the railways, there is a principle, there as well as in Canada, that there should be control of rates.

Q. And you say there should be no control of what we think is the more important thing, transportation rates on the ocean?—A. If the government will give them a monopoly, the shipowners will submit to control.

Q. But if they themselves set up a conference which results in a monopoly, what would you say?—A. But they do not get a monopoly.

Q. But supposing they do, would your answer be that they should be controlled?—A. When that situation arises, when you find a conference has a monopoly, it will be time to consider that.

Q. Could you answer it now?

By the Chairman:

Q. Deal with it, Mr. Cleminson, as a hypothetical question. We do not ask you to commit yourself to the proposition that there is a monopoly, but take it for the purposes of your answer that there is a monopoly; how would you answer Mr. Symington's question? Take it if there were a monopoly?

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By Mr. Symington, K.C.:

Q. What I want to get from this gentleman from England, who is a man of great experience, is this. Supposing the committee came to the conclusion that there was a combine, a monopoly, what would be his views as to control? Should it be controlled or should it not? I understand that you say there is not a monopoly?—A. I have said there is a control much more effective than a control any government could introduce. In fact, if it were possible to leave the economic machine to control the railways, that would be even much better than the control which now exists over our railways, and in fact you do have that control in the shipping trade. Moreover, you know that governments cannot effectively control freights without a sacrifice of efficiency, of service, and so on. You do not perhaps realize how essentially international the shipping trade is. As I said the other day, only about five per cent of the British trade serves Canada, and it would be quite impossible for you, effectively, to control artificially any rates, even if you thought wise to try and do it.

Q. You are really preceding my question, because I was coming to what I understand is your view, that if there were a desire for control, in your judgment international control is impossible?—A. I think so, international government control.

Q. I understood you to say so, so if there is to be a control it must be in some other way. That is so, is it not?—A. I have said that any other control, apart from economic control—

Q. Coming to the possible one, you say the international control is quite impossible. Then I was going to ask, can you suggest any other method than putting on a competitive line? That may reduce rates, and afford control.—A. That would be the worst form of any attempt to control.

Q. Let us stick first to the possibility of it. As I understand it, you can suggest no other possible way except the economic one, which we have had from you all along?—A. But you will be satisfied, before the enquiry is finished, that freights are controlled down to the profitless point. What more effective control can you get?

Q. That may or may not be. What I am getting at is that you said control, in the nature of fixing rates by proclamation or legislation, is an impossible thing, because of the international nature of the traffic.—A. You could not do it without suffering, and you would suffer still more if you did it in the way proposed.

Q. And then there is the possibility of control by putting on a competitive line of ships?—A. The possibilities of harm are infinite. It is quite likely that if a competitive line of ships were put on, they could run into the extent of bankrupting the existing lines. Any powerful government could do that, quite simply and quite easily.

Q. But it is quite possible to control by putting on a competing line, is it not?—A. You could do a great deal of harm by putting on competing lines. You may take the whole lot; instead of having just sixty ships owned by the government, you might take the whole lot.

Q. I would appreciate it if you would endeavour to answer. I say it is possible to control rates by putting on competing lines.

Hon. Mr. STEVENS: Subsidize a competing line?

Mr. SYMINGTON, K.C.: I will come to that in a moment.

Q. That would effectually control it?—A. You certainly can affect rates.

Q. Can you tell us any other possible method of control except that, effective control? It may be wrong, I am not saying it is right or wrong, but a method of effective control?—A. No, I do not think I can.—If you find a rate is too high, and you find that the ship-owner cannot afford, having regard to his other obligations, to reduce that rate, you can quite well contribute

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towards his freight; there is no objection to that, and in that respect you effect the same object, but I have never heard it suggested that if the market rates of interest on money are high the government should come in and subsidize a bank to reduce the rates. No one would be so foolish.

Q. In any event, we have you down to this point, as I understand it, that whether it is right or wrong it will control rates, that method of putting on a competitive line?

Hon. Mr. STEVENS: I think, Mr. Symington, in all fairness there should be interjected there the word "subsidized", because there would not be competition if the line were not subsidized for its losses.

By Mr. Symington, K.C.:

Q. I am coming to that. At the moment I am only dealing with the possible method. Then, if a line is put in or started, and it puts in lower rates, the danger you say is that it will injure the different existing lines.—A. As I said the other day, I cannot tell what would happen. Supposing you put ten ships in on a line already served by 100 ships. Obviously ten ships cannot lift the whole of the cargo, can only lift ten per cent. That line could cut the rate, and the others could say, "Well, we cannot stop it; we cannot afford to make any greater losses, and therefore cannot afford to lower our rates." That might be the result.

Q. I think one of the things the committee wants to find out from you, as a representative of shipowners, is whether or not the effect would be that they would meet the competition, or whether it would be otherwise?—A. That I could not tell you.

Q. You could not tell; you would not say.—A. No. Companies have been bankrupted before in an effort to maintain the position they have made, and I suppose we will see them bankrupted in the future.

Q. I judge, then, from your evidence before adjournment and to-day, that you have no suggestion to make whereby rates can possibly be reduced?—A. I should be very silly to make a suggestion of that kind. When you know the facts you will see that the fact is that the people of Canada do not know the true facts; they have been misled, and when they know the true facts, that the most fierce form of control of rates does exist, and does operate, I cannot imagine that they would be so foolish as to contemplate either government control of freights, or the putting on of other ships.

Q. One might agree with you on some things, but after my perusal of the minutes of the combine during the last few days, I cannot agree with that "fierce control" statement which you make. But leaving all that aside, you have absolutely no suggestion to make to this committee as to how rates may be reduced?—A. Rates could be reduced in many ways. You could reduce your charges at the ports here for one thing; you could use your influence with other people to reduce their charges, in England, for instance. If, instead of blaming the ship-owners, you would make representations to the British Government, you would ascertain the burden involved in the extent of dock charges as to-day constituted.

Q. Would you say that the reduction in port charges has been reflected in ocean rates?—A. Reduction of port charges?

Q. Yes; has it been reflected in ocean rates?—A. There was a material increase of port charges last year.

Q. But wherever they have been reduced, have they been reflected in the rate?—A. Can you tell me where they have been reduced?

Q. Yes; they have been reduced. I can tell you that.—A. They cannot help but be reflected.

Q. The lines may desire it. I suggest that to you. I suggest to you, Mr. Cleminson, that I have been told—and I think it is correct—that, irrespective

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of what the port charges are or of the objection of the steamship lines—for instance, grain should reach Liverpool at exactly the same price, no matter where it comes from on this continent?—A. They do that to give you the equality you desire.

Q. Even though we may have a system of internal waterways to Montreal, a very expeditious method of loading grain, and other facilities, their idea is that grain should reach Liverpool by the same rate as though it came through the American ports?—A. I understand you wanted—

Q. Do not understand what I want at all. I ask you if that is not the principle upon which they work?—A. You do not want higher rates in Canada, do you?

The CHAIRMAN: Try to answer the questions directly, Mr. Cleminson.

By Mr. Symington, K.C.:

Q. I do not want to enter into an argument with you. I simply asked you if that is not the principle of the Lines that they should deliver grain at the same cost, no matter how it moves?—A. The aim of the Canadian Lines would be, I believe, to deliver grain to Liverpool as cheaply as they could deliver it from New York.

Q. So no matter what the advantages would be in port charges, loading facilities, and waterways, it would not benefit the shippers so long as the rates through the American ports were the same?—A. I would put it the other way around. Notwithstanding any disadvantages there might be, the owners in the particular trade would do their best.

Q. So it is a question of whether we have the advantages or disadvantages in our internal system, including port charges, whether we are suffering or not? A. I beg your pardon?

Q. So it depends whether we have the advantages or disadvantages in our internal system, including port charges whether we are suffering or not?—A. If you reduce your port charges in Canada so as to make the transport of cargo from this country materially cheaper than the transport of cargo from New York, you could not help but get benefit from that.

Q. Would you say from your experience that that has been the fact?—A. I think it is bound to be the fact.

Q. But would you say from your experience that it is a fact?—A. I know that Canada has demanded many impossible things from ship-owners, and they have ignored many serious difficulties—

Q. I did not ask you that. I asked you a direct question; do you want to answer it or not? I asked you whether, in your experience, Canada has got the benefit of her internal waterways, ship-loading facilities, and other facilities in her rates to the Old Country?—A. I am sure she has got the full benefit of it.

Q. Do you know?—A. You must ask the local people—

Q. I am asking you if you know, because we want your evidence, and my next question will be "What are the grain rates between the respective ports?"—A. No, I do not know.

Q. Now, supposing a competing line has superior ships suitable to the trade; on an economic basis, they would be able to put in a lower rate, would they not?—A. You are going into questions of detail which it would be very useless to ask me about.

Q. You have said that you have given us the economic viewpoint, and you are a practical man in charge of the ship-owners' business. I ask you if the competitive line has superior ships suitable to the trade—A. I think, before you continue to ask me this kind of question, you should get it more clearly in mind as to what you want. Do you want equality of rates, or do you not? Do you want free and open competition?

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The CHAIRMAN: Mr. Cleminson, it is not necessary to concern yourself with what we want. What we would like you to do is to listen carefully to Mr. Symington's questions and out of the wealth of your experience give us the benefit of clear and categorical answers to the questions. You might repeat your question, Mr. Symington.

By Mr. Symington, K.C.:

Q. If a competing line has superior ships suitable to the trade, should they not, on an economic basis, carry cheaper than others?—A. Superior ships more suited to the line?

Q. Suited to the trade—A. In a case of that kind the position may be this; that the inferior ship takes a lesser profit, and the superior ship gets a better profit, and ultimately maintains the higher and takes the trade.

Q. But if the superior ship is a member of the Conference, it takes the same rates?—A. I understood that was desired by the shippers.

Q. I do not care what you understood as desired by the shipper. I say, if it is a member of the Combine, it takes the same rate?—A. That is right.

Q. Now, then, I understood you to say that rates are low; in fact, your case is that they are too low now?—A. I understand they are relatively low, certainly.

Q. So that, as far as you can see, if we leave things as they are, nothing can be done with respect to an improvement in rates?—A. I think a great deal will be done, because I am perfectly sure that running expenses are bound to come down.

Q. When wages come down, then we have a hope? Is that your view?—A. Wages from top to bottom; cost of production from top to bottom.

Q. When that comes down we have some hope for lower rates.—A. Certainly.

Q. But otherwise you have no suggestion to make to the Committee of how lower rates can be obtained?—A. No.

HON. MR. STEVENS: Before you leave that point, Mr. Symington; the witness, I think, said something about the lowering of port charges. I think that is a very important point. I wonder if you would secure from him his view of that?

MR. SYMINGTON, K.C.: Yes.

By Mr. Symington, K.C.:

Q. What have you to say about port charges, Mr. Cleminson?—A. I think the figures which were put before you in evidence will show you that the port charges have increased to an enormous extent, quite out of relation to the freight, and that is one of the biggest items. You remember the table I gave you?

Q. Yes, we have it here?—A. That showed you the port charges, including the labour handling.

Q. And you are quite satisfied that any reduction of port charges would be reflected by the Conference Liners in their rates?—A. It could not help it.

Q. It could not help it? Supposing they said, "We will not take it off our rate"; then what?—A. They would not take it off their rate?

By the Chairman:

Q. Supposing they take that view?—A. They do not always immediately increase or decrease their rates. Supposing there was an exchange movement; they do not immediately clap on an increase to compensate them. If an announcement were made that labour charges were to be reduced five per cent or 10 per cent, you might expect there would be an immediate reduction of five or 10 per cent in the rates, but that would not take place. That is not to be expected in shipping or any other business, but it is quite impossible for ship-

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owners to hold back the benefit of reductions of that kind. It must pass them on to the community.

By Mr. Symington, K.C.:

Q. That being so, why do they object to having somebody to see that they pass them on?—A. Because they cannot help it.

Q. Then why do they object to it? If it is bound to happen that somebody sees to it, why do they object?—A. I will tell you why. It is for exactly the same reason that a cattle producer or a grain-grower in this country does not wish to have government officials attending in their offices to tell them what they should do. They know they are bound to meet market conditions; they must produce the best they can and take the best price they can get on a free market, and conditions are exactly the same in the shipping industry. There is no magic about the shipping industry.

Q. No, but there are Conferences?—A. Yes, there are Conferences; there are also pools, even in grain sold to England. We know we are buying through a pool, but we believe in the long run if we pay a bit higher price this year, the amount of grain under cultivation in this country will be increased, and taking it by and large, we shall benefit even by the pooling arrangement.

Q. But, as you know, the pool does not control all the output?—A. The output of Canadian grain?

Q. Yes?—A. No; nor does the Conference.

Q. The Conference controls the North Atlantic—all the Liner ships?—A. But nothing like the whole of the shipping trade to the ports.

Q. Quite true, but on the regular lines they do, do they not? You have told us that already?—A. Certainly.

Q. So am I to take the answer you have just given as your answer as to why the ship-owners object to any control of rates?—A. I think so; I think it is a perfectly sound, economic answer.

Q. Let me ask you this: if there were no Conference would rates be lower? A. They might well be higher. You get a greater stability by reason of the Conference.

Q. We know about the stability argument and these other things mentioned in this report. I have asked you a straight question—A. And I have given you a straight answer.

Q. I asked you if there were no Conference, whether the rates would be lower?—A. Immediately, they would be lower, but ultimately they would be bound to be higher.

Q. How long a time would you say before they would be higher?—A. Let us imagine a case where for five years—

Q. That is all right; that is your answer?—A. —for five years there is no Conference and intense competition. The building of ships would stop, and in the next succeeding five years you would, in fact, find that the facilities would be less and the rates would be higher.

Q. As a matter of fact, have we not lying in ports now enough ships for the next five years, so we do not need to build any?—A. We have many ships unused.

Q. So the threat of stopping building is not a very serious one at the moment?—A. I think it is, especially to the liner people. That part of the trade will grow considerably.

Q. So your theory is that we will go on and build more ships?—A. Just recently, regulations have been introduced, or threatened, in our country, in which certain products from this side have to be put in refrigeration. That has to be provided for. If the ship-owner can expect to get a rate to cover it, he will require to adapt his ships to refrigeration. That is an example of the way the line has to especially cater to the trade.

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Q. Then, as I understand your answer, the rates would be lower for five years, and then there would be a shortage of ships, and they would be higher?

—A. I think so.

Q. I am suggesting to you that there are enough ships in ports now which are unused, to take care of this five-year situation?—A. A certain amount of the tonnage in the ports is not an economic tonnage, and a large proportion of it is tramp tonnage. It exercises a very considerable force in maintaining lower rates, but it does not, in fact, make good or keep up to date, the liner services.

Q. So that I may take it then that you say the result would be lower rates for five years, then a scarcity of tonnage, and then high rates?—A. I think so. I think, perhaps, five years is a rather low figure.

By the Chairman:

Q. Mr. Cleminson, I would like you to look at this report of shipping rings which I show you, and tell me who signed the majority report? You have it there. Who were the majority?—A. I do not think I know all these gentlemen here but shall be glad to find out so that we can complete the information.

Q. You will tell me their names and just what they do, if they are associated with the steamship business or not?—A. Arthur Cohen, was perhaps the most distinguished lawyer of his time at the English Bar.

Q. Is this an investigation of shipping rings?—A. Yes, 1909.

Q. Arthur Cohen was a lawyer?—A. That is right. Lord Inver-Clyde was I think—I know he owned some steamers but what his other interests were I cannot say.

Q. The next.—A. C. N. Lawrence, I don't know. Now, Hugh Bell, I suppose it is Sir Hugh Bell of Dorman, Long & Company, one of the most important steel manufacturers of the United Kingdom. W. Thomas Lewis, I don't know. Bateman, I imagine was a government servant. That I don't know. A. E. Bateman, it looks as though he were a government servant, but I don't know; a government official of some kind; Gonner, I don't know. Maddison, I don't know.

Q. Maddison did not sign the majority? It is the majority men I want.

Mr. SYMINGTON, K.C.: Maddison signed that but issued a separate judgment, saying he did not believe in shipping rings at all.

The CHAIRMAN: My recollection is that he went further in condemnation of shipping rings than the majority did.

Mr. SYMINGTON, K.C.: He signed it with reservations. What he said was in signing the report "I do not in the least agree that shipping rings are necessary or in the interests of trade in the United Kingdom or in the Colonies."

The CHAIRMAN: Do you know Mr. Mitchell?—A. No.

Q. Or Owen Phillips?—A. He is a ship-owner.

Q. Oswald Sanderson?—A. No.

Q. Look at the minority report and tell me the names of the minority and tell me what they did.—A. I could not with certainty speak of anyone here. I have only met Sir John MacDonald as a very theoretical lawyer in International Law. I will find out about those for you.

Q. Thank you. There is one question which strikes me here: Whenever you were asked about reduction of rates you seem to take it for granted that rates were at their minimum now, that any further reduction would entail loss. Your answers were predicated on that assumption, were they not?—A. I think that is enough—

Q. Your answers might be different if there was a margin of profit which would permit a reasonable gain to be made concurrent with the reduction of

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price.—A. The shipping trade is like any other trade. You cannot always have it at a constant level. Unless you give a monopoly and you can guarantee he would have a certain steady level of rates but there is no industry in the world wherein people have to go through so many lean years as the ship-owner.

Q. The ship-owners at the present moment, I understand, take the view that rates are really lower than they should be, speaking generally?—A. They are much higher than they would like to see them for the benefit of trade but lower than they should be to provide a fair rate of interest and depreciation.

Q. During the War did the ship-owners make money or not?—A. Many of them made money like many other members of the commercial community.

Q. But generally speaking did the ship owning class make money?—A. I should think they made money in the same way as other interests made money.

Q. I am not inferring any obliquity in making money during the War. That may or may not be right. I am not going to discuss that but what would be, by and large, the percentage which shipping men made during the War on the ordinary run, on the well found, well equipped and well managed ships?—A. I could not tell you off-hand but I think it is only right to say, as you have asked the question here in public meeting in Canada that the profits in shipping were not made at the expense of Canada but quite the other end.

Q. I am not concerned at whose expense they were made. I am just asking you the question whether you could as Secretary and Manager of the Chamber of Shipping, give us any idea of the most general character of the amount of money made during the war by shipowners on a percentage basis. Were they making fifty per cent or one hundred per cent? Were they making seven and one-half per cent per annum? What would you say would be a fair estimate?—A. I could not tell you that. The article I speak of in "Fair-Play" gives you a careful examination of their accounts and divides by the number of years.

Q. When you say that the rates to-day are so low as not to give a fair return on the capital invested are you referring to the actual cost of ships, say ships built in 1920 or thereabouts, or are you dealing with the replacement value?—A. I think these are questions you should ask the Accountants because they have gone into it carefully and I have not.

Q. You have given your opinion categorically that the rates charged now by ocean steamships are not sufficient to give a fair return on the capital invested. Now, I ask you this, are you referring to the capital which has been placed in the ships which perhaps were built a few years ago, when ship-building costs were very high, or are you dealing with the replacement value of the ships?—A. I think you will find that whatever way you look at it, however you look at it the owners are not making profits, whether you take the original cost of the ship or the cost of replacement you will find that the result is, either way, unsatisfactory.

Q. It would be very much more satisfactory in one view than in the other, would it not?—A. I don't know, because, you see, if you take the original cost you get the benefit of pre-war business; the cost of replacement to-day is very heavy as all materials in the world have considerably increased.

Q. When we built our Canadian Merchant Marine the cost ran up to—in respect to some ships, about £40, \$200.

Sir HENRY DRAYTON: An average of \$186 a ton.

By the Chairman:

Q. An average of \$186 a ton, Sir Henry Drayton says. What would be the average cost of building a ship to-day?—A. I should be glad to find that out for you.

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Q. Would it be half of that?—A. I could not tell you but I would be glad to find it out. It was for your information I was asked particularly to get it.

The CHAIRMAN: Any other questions?

Sir HENRY DRAYTON: I think the American cost was \$210.

The CHAIRMAN: \$210 was the highest.

By Sir Henry Drayton:

Q. You spoke about the Montreal port charges. You gave us the increases in England. We have not had any increases here.—A. Increases in charges?

Q. In Montreal.—A. I think there are increases at both ends but as I said to you the other day the shipowners have prepared information about that.

Q. You cannot tell us whether the Montreal port charges are increased or not, whether they were blamed for increases in the cost or not, is that right?—A. I cannot tell you. Generally when we meet things like port dues and port expenses on the other side, like labour charges, the other witnesses can tell you about it.

Q. You said by re-arranging the boats' runnings by curtailing the service, economies could be made and rates reduced?—A. Of course that would be more a shutting out of the grain cargo and increasing the cost of carrying the cargoes of grain but it would be reducing the cost of carrying the more valuable articles.

Q. What I want to know is whether you have examined the proper and legitimate demand of Canadian service. Take for example our butter shipments, our cheese shipments and the like, to what extent do you suggest any curtailment?—A. The idea suggested to me was that they might reduce or curtail the service lines. They could by shutting out grain, leaving it to the tramp to reduce the price on the higher class commodities. That is what is suggested might be a possibility.

Q. What I want to find out is have you gone into it all or whether you treat that just as a secondary possibility?—A. I am sure that the lines would naturally go into that if it were wanted.

Q. You said that profits during the War were not made at the expense of Canada but at the other end. I would like to know how that can be?—A. Because the movements of cargo were towards the United Kingdom for war service and the rest of it. It was the European countries that did the most of the paying.

Q. Is your theory that during the war prices were paid by the Canadian producer irrespective of freights?—A. Irrespective of freights?

Q. Yes.—A. I think the Canadian producer got a good deal more than he did before the War.

Q. Is your idea that during the War payments made to Canadian producers were made irrespective of freights? Of course in peace times his payments depend on freight. Is your theory that a different economic situation existed during the War?—A. The extent to which the profits of the producer depend upon freights is very slight. In a great many cases it depends on the nature of the goods.

Q. Take grain, we know that is fixed by the price in the Liverpool market less the cost of transport.—A. Why I mentioned grain, in England we pay 11d for a loaf, a four pound loaf.

The CHAIRMAN: What do we pay? 12 cents for a pound and a half loaf?

Mr. SYMINGTON, K.C.: Yes.

Sir HENRY DRAYTON: It looks that the farther we send it the cheaper it is.

[Mr. H. M. Cleminson.]

The WITNESS: Of that the ship-owner gets one farthing and other forms of transport get five farthings.

Sir HENRY DRAYTON: That is begging the question as to whether or not we do not sell our wheat on the Liverpool market less transportation costs. I think we can agree on that.

The WITNESS: It represents a comparatively small factor because it is a factor and the lower the freight on Canadian produce in competition with Australia the greater benefit you are going to get exactly in proportion to the amount of the saving. It is a fact that the grain freights to-day are practically the same as before the War, whereas we are paying in England a great deal more for grain than we were before the War.

Q. That all comes to the point you made that the profits you made were not made at the expense of Canada but at the other end. I wanted to see what happened to make that difference.

Mr. JOHNSTON: I would like to ask the witness this question.

Q. Did you say, Mr. Cleminson, that there are too many ships on the North Atlantic to-day for the tonnage offered?—A. I understand the position is this; you have liners and you have tramps; the tramps carry under to a charter party, the liners do the regular trade, the liners take the package freight, the valuable freight, or whatever space is spoken for, and then the vessels fill up with grain. Whether there is too much or too little tonnage of the liner class on this trade I cannot say; that is a matter of which the ship-owner is much better able to speak than I am.

Q. I would like to ask if you think there is too many ships, if fewer ships could handle the trade without curtailment of the service?—A. If they refused to carry grain and it had to be carried at a higher tramp rate and so curtailed the service, that might or might not effect economies. It is a very speculative question.

Q. If there are too many ships for the amount of tonnage offered, would it be fair to say that they would have to charge a higher rate?—A. They would like to, but then again comes in the force of competition; the more ships you have competing for the same goods, the lower your freights are.

Q. If there were fewer ships than we have to-day, and those ships were carrying a greater tonnage, would it not follow that they would be able to carry it at a lesser charge with greater profit to themselves?—A. I understand that most of them fill up with grain, therefore, as I said before, if you shut out the grain and give them more of the higher and better paying produce, that would be the result. Of course, if you could take inward cargoes, that would increase the business.

Q. Could we not do that with fewer ships than we have to-day to handle all the cargoes?—A. The proposal of the Government is to induce more ships to go in.

Q. But that is for a different purpose. If we have so much tonnage offering and too many ships, it would seem that that would pull down prices. I want to know if we could not reduce the number of ships and give them greater tonnage at a reduced rate.—A. That is the kind of thing the shipowners must talk over with the Chairmap or with anybody else.

Q. Would the Shipping Conference be inclined to talk it over in conference; if they can get any rates they want by a combine, is there any incentive to talk it over?—A. Yes, there is the Profit and Loss Account in the shipping man's mind; he must get a profit as best he can.

Q. You are not prepared to say definitely that there are too many ships in the North Atlantic trade to-day?—A. No; I am not in a position to judge of a thing of that kind.

By Mr. Halbert:

Q. Following up Mr. Johnston's questions, Mr. Cleminson, do you know whether the ships to-day mostly get a full cargo?—A. They fill up with grain, I understand.

Q. But do they get a full cargo?—A. Yes.

By Mr. Johnston:

Q. In which direction, eastbound?—A. Of course less cargo is distributed in the west, comparing the value of the cargo. They could take infinitely more cargo westbound.

By Mr. Halbert:

Q. In your opinion, if the rates were lowered, would the ships make more profit, if there were more bacon, more cheese, more cattle and all that kind of goods going over to the Old Country; if there were more of them, instead of filling up with wheat, taking more cargoes such as I have indicated, would the ships make more profit?—A. I think so.

Q. In your opinion have the rates anything to do with the quantity of goods shipped, cheese and so forth?—A. The rate is a factor in the production and transport of goods, like any other factor. It may be small; it is generally speaking, quite small.

Q. But has the rate anything to do with the small offering you are referring to, in your opinion?—A. The figures do not bear that out at all. I think the figures of Canada's exports show pretty clearly that trade has been going on and that there is no reason to suppose it has been affected by freights at all. The cases that have been brought to my attention, where it is suggested that the rates effected a falling off in trade, do not bear out that idea at all. When Mr. Symington gives us the case we are going to meet, we will have an opportunity of dealing with these things one after another.

Q. Would you say that that applied to cattle?—A. There has been misleading evidence especially as to that. For instance, one gentleman was approached by Mr. Preston; he was only too keen to carry cattle if he could do it at a fair profit; he found it utterly impossible at the rate ruling to-day. I think you have a wrong idea of the United Kingdom. We have not got bags of money. We can only get things from you that we can pay for, and we can only pay your competitive prices.

Q. Take our bacon trade; the Dominion Government is spending a good deal of money, and the farmers have gone to a great deal of expense to produce a grade of bacon which will compete with the Denmark bacon and bacon in the Old Country?—A. Yes.

Q. Do you think the freight rates on bacon would have any effect on the farmers of Canada competing in the Old Country with the farmers of Denmark in bacon, in quality and price?—A. Denmark has the advantage of being nearer, with no tariff walls. We can send our goods there without any interruption at all.

The CHAIRMAN: An excellent argument.

By Mr. Halbert:

Q. Do you suggest that we should reduce the tariff on goods going to the Old Country?—A. Please do not ask me to make any such suggestion.

The CHAIRMAN: Does anybody else wish to ask Mr. Cleminson any questions?

Hon. Mr. STEVENS: I would like to ask the witness a question or two.

Q. In regard to cargoes east and west, you suggested a moment ago that in cargoes eastward the ships were pretty well carried full; that is right, is it?—A. I think so, filling up with grain, that is quite true.

[Mr. H. M. Cleminson.]

Q. I have before me figures that are included in this report of your steamship lines from Canada, the harbour of Montreal; last year, 1924, they show liners carrying 57 million bushels or 37.8 per cent?—A. What page is that on?

Q. That is at page 47, and the quantity carried by tramp steamers was 94 million odd bushels, or 62.2 per cent.—A. Yes.

Q. Can you tell me, was the rate the liners charged any lower than the rate the tramp steamers charged, on the whole?—A. I am told it is so; this memorandum tells me that. It is 11 pence cheaper, is it not?

The CHAIRMAN: If you do not know personally, do not say so.—A. I do not know personally.

By Hon. Mr. Stevens:

Q. If they cut out the carrying of that 57 million bushels, what then?—A. You could not cut it all out.

Q. No, you could not cut it all out, but the suggestion was made that it might be cut out and reduce the number of ships, increase the package cargoes or the higher priced cargoes and possibly lower the rates?—A. That is right.

Q. Is that the theory or suggestion that was made when the question was asked you a while ago?—A. I understand it is the suggestion made to me.

Q. Can you give me any opinion upon this point; what would be the effect of diverting a substantial portion of that 57 million bushels over to tramp steamers; would the effect be to increase the general carrying charge on grain? Let me put it the other way; is it not a fact that the taking on of this grain cargo for the liners contributes to the lowering of the general rates?—A. I gather that that is so. It depends so much upon local conditions that I could not speak with any definite knowledge about it.

Q. You do not know that?—A. No.

Q. Is there anybody here who does know, who can answer that definitely?—A. Yes.

Q. Later on?—A. Yes.

Q. Now, in regard to port charges; Sir Henry mentioned them a moment ago, and I would like if you have the information or can give it to us clearly, that you should do so. Take a port charge, is it a definite factor in the rates charged by the steamship companies?—A. Yes. The port expenses are an important and a very big factor in the expenses.

Q. The decreasing or the lowering of port charges would affect rates?—A. Yes, certainly.

Q. You do not know to what extent the port charges in Canada affect the rates—or do you?—A. No, but I suppose the lines would have the information and could give it to you, I should think very easily.

Q. Now, in regard to eastward and westward cargoes; is the fact that westbound cargoes are not of more than 25 per cent capacity or thereabouts any important factor in the rates eastbound?—A. Yes, I think it is. It is quite clear that if you could increase the westbound cargoes you could decrease the eastbound freight.

Q. Then it is an important factor?—A. I understand it is a most important factor.

By the Chairman:

Q. Mr. Cleminson, when you say port charges, I understand it includes loading and unloading charges as well?—A. Yes. I expressly said so. Generally speaking, we speak of port charges when we speak of charges put upon the shipper, and port expenses would cover labour charges, labour costs.

By Mr. Rinfret:

Q. A question has been put that I think I should mention. I understood

[Mr. H. M. Cleminson.]

you to say that the ships at present were not running at their full capacity. Can you give us an idea of what proportionate tonnage is used at present, as compared with the total tonnage?—A. The ships of the world, world tonnage, do you mean?

Q. No, British ships, ships in the North Atlantic Conference?—A. I do not know that any of their ships are laid up. Naturally the less suitable ship is laid up first.

Q. Just one more question; is it your opinion that these high rates discourage the shipping of certain commodities?—A. The importance of the freight to the marketing of goods is grossly exaggerated, but obviously freights are an item in the cost of marketing produce, just as much as the price a seller is willing to take for his goods affects the shipper's business.

Q. So that it would not be your opinion that a higher rate would prevent the importation of a certain article?—A. As I said before, it has been grossly exaggerated. If you compare the freight inward with the tariff at the time, it is about one tenth of that tariff, the freight on goods into this country. A manufacturer seeking protection would consider an amount equal to a freight useless to keep out imports; he wants something like ten per cent put on the cost, and you have freights representing only one tenth of what is considered to be necessary.—A. That does give you some idea of the small or comparatively small importance of the freight to the producer and the manufacturer who wants to sell his goods.

Q. It is not your opinion that if you lowered the freight rates you would have more cargoes for the ships?—A. That is a factor which the ship-owners always bear in mind, just like any commercial man who wants to sell his goods. He takes it in relation to every particular kind of cargo he has.

The CHAIRMAN: Mr. Black, have you any questions to ask the witness?

By Mr. Black (Halifax):

Q. It occurred to me, sir, that if the tonnage of the liners is reduced and they carry less grain, the space being filled by other classes of cargo, cheese and bacon and so on, there would naturally be a larger quantity of grain for the tramp steamers, and it is a fact that the tramp steamers out of Montreal carrying grain and grain alone, do so at a much higher rate than the regular liners. Therefore the shippers of grain and the handlers of grain would be at a disadvantage to that extent, or to a greater disadvantage. The difference, as given by this reply of the steamship companies, is eleven pence per quarter in favour of the tramp. In other words, the tramp gets eleven pence per quarter more than the liners for full cargoes of grain; they have been carrying it during the whole season at that rate, and that would be a disadvantage, certainly, to the handlers of grain.

Mr. SYMINGTON, K.C.: That was for one year, I think.

By Mr. Kennedy (Glengarry):

Q. Might I ask a question? I think this witness stated a few moments ago that in the export of commodities, the rate, the ocean rate, was only a small factor, a very small factor in determining the extent of the export trade. Did I understand you correctly to say that it is only a small factor?—A. It varies according to the case, and what I said was that its importance had been greatly exaggerated. In many cases it is an utterly unimportant factor, while in some cases it is a more important factor.

Q. Take the case of flour. We have some correspondence here, and a complaint by Mr. Watts of the Dominion Millers' Association, that a difference of twenty cents per hundred pounds existed between certain points. Would that not be a very great factor in determining whether the millers on this side could enter the foreign market or not?—A. I do not know what the price is. Twenty cents a hundred pounds, did you say?

[Mr. H. M. Cleminson.]

Q. I just noticed this; he quoted two rates, forty-five cents per hundred pounds and sixty-five cents per hundred pounds.—A. That is ten pence a hundred pounds, and what is the value of the goods at the other end?

Q. I do not know, of course. It is flour.

Hon. Mr. STEVENS: It varies all the time.

By Mr. Kennedy (Glengarry):

Q. It varies, of course.—A. You see, it depends entirely upon the value.

By the Chairman:

Q. Does it not depend, Mr. Cleminson, upon the value and upon the bulk? If you have a very valuable non-bulky article, the freight rate will be of very small importance. If you come to heavy staples like flour and coal, the freight rate may mean everything as to whether you are going to get into a market away from home or not.—A. It may mean a great deal.

Mr. SYMINGTON, K.C.: He believes in the marginal theory, that the margin is what makes the trade.

By Mr. Kennedy (Glengarry):

Q. Take the rates on lumber. Is it not true that Canadian lumbermen could enter the markets of Great Britain if they were given a reduction in the ocean rates on lumber?—A. I understand that in England we cannot afford to buy the Canadian wood; it is of higher quality than the Norwegian wood, and moreover we have been copying your example and using more steel and reinforced concrete, and so forth.

By Hon. Mr. Stevens:

Q. But you buy a tremendous quantity?—A. Oh yes, we buy a good deal, still.

By Mr. Kennedy (Glengarry):

Q. There is a large market there for our lumber. You do not know what the present rate is on lumber, do you?—A. No.

Hon. Mr. STEVENS: It is mostly charter prices.

By Mr. Kennedy (Glengarry):

Q. It is contended that a reduction of fifteen shillings on lumber, about that, would let us into the British market, and give us a good chance of competing with the other competitors.—A. That is a question which the steamship owners, I understand, go into constantly with their shippers.

Q. We are rather of the opinion that ocean freight rates is quite a large factor in determining whether or not our shippers and our exporters can get into your markets.—A. That is right. But then, I take it that the lumberman wants to make a profit on his business. If he cannot make a profit in lumbering, he goes to something else, and I take it he does not ask the shipowner to be carrying on permanently at a loss, and he would not expect that the government should order him to sell his goods at a loss in order that the shipowner could make a profit.

Q. That is a question. I was just attacking your statement that the ocean rate was a very small factor.—A. It may be a big factor or it may be a small factor, and its importance is greatly exaggerated in many cases.

By Mr. Johnston:

Q. In so far as the question by Mr. Black about the tramp steamers carrying wheat is concerned, do the other steamers not have to carry a certain amount of ballast, anyway?—A. The liners?

Q. Yes, the liners.—A. Yes, I think so.

[Mr. H. M. Cleminson.]

Q. Does that account, then, if they have to fill up anyway, if they do not carry wheat, they would have to carry sand instead, for ballast.—A. That is a matter on which the shipowners could give you positive information, but I understand that many of them could dispense with all but a little of something like grain, but they are glad to get grain because it is so easily handled and forms good ballast.

Q. That accounts for the fact that they sometimes carry wheat cheaper than the tramps?—A. There are other reasons, but that is a big reason.

Mr. MONTGOMERY, K.C.: For the benefit of those who were not here at the opening, and lest there should be some misunderstanding as to Mr. Cleminson's inability to answer questions as to local freight rates, I would like to remind the members of the committee that Mr. Cleminson was not put forward by the shippers or shipowners as being an expert at all in local freight rates or local conditions. He came forward as a witness solely at the invitation of the Chairman, who said he wished to hear him upon certain questions. In other words, he was not put forward by the shipowners as being an expert in any way in our local freight situation.

Mr. SYMINGTON, K.C.: This statement was prepared in England, was it not?

Mr. MONTGOMERY, K.C.: I can speak from personal knowledge, and that statement was only prepared after Mr. McMaster had expressed the desire that Mr. Cleminson come here and give evidence. It was prepared after that right in Montreal.

By the Chairman:

Q. Your words just bring to me certain questions which I would like to ask Mr. Cleminson, if he could help us. Mr. Cleminson, how many conferences are there altogether, do you know?—A. I have no idea, sir. As I said, it is a condition, and wherever there are two lines going together, there you would expect to have a conference.

Q. Would you give us the names of all the conferences you remember?—A. I had a list of the important ones running from the United Kingdom, in connection with another matter, and I shall be glad to give you that.

Mr. MONTGOMERY, K.C.: Did you ever see that chart, Mr. Chairman? There are eighty of them on it.

Mr. SHAW: Could we not have copies of that?

The CHAIRMAN: I think that is a very good idea, Mr. Shaw, and I will ask the Clerk, Mr. Gordon, to have blueprints made of that. Meanwhile, Mr. Cleminson will tell us the principal ones out of the United Kingdom.

Mr. SYMINGTON, K.C.: The reason I asked that question if there were any changes between 1914 and now, was to meet Mr. Shaw. We have those charts in this book which show the interlocking nature of these things.

Mr. SHAW: Can we have that brought out to-day?

Mr. SYMINGTON, K.C.: I suppose so, if they will give us the information. I do not know.

Mr. MONTGOMERY, K.C.: You can have any information we have. I do not think there is anything more complete than this up to the present time, dealing with the North Atlantic trade.

The CHAIRMAN: Order, gentlemen; Mr. Cleminson will answer my question now.

The WITNESS: I understand that the important conferences from the United Kingdom are, first, the Calcutta Conference—I do not know what order they are in, but I give them to you as I have them here, in evidence prepared for the Trade and Industry Committee which is now sitting in England.

[Mr. H. M. Cleminson.]

1. The Calcutta Conference;
2. The Levante Conference;
3. Australian;
4. Straits, China and Japan;
5. River Platte;
6. Brazil;
7. British West Indies;
8. Malta and Alexandria;
9. Bombay, Steam;
10. North Atlantic Westbound (to the United States);
11. North Atlantic Westbound (to Canada);
12. Australian to Australia;
13. Australian to New Zealand.

By the Chairman:

Q. Those are the principal ones trading out of Great Britain?—A. I think so.

By Mr. Montgomery, K.C.:

Q. Those are outward bound, I understand, are they not?—A. I would like, if I may be allowed, to see just what the reference is to these conferences. I had not prepared this evidence, you see.

By the Chairman:

Q. Perhaps you can answer this. Just what is the relation between these different conferences, and how do they operate inter-se?—A. I started by telling the committee that I have no knowledge of their working, except second-hand knowledge which one gets in this way.

Q. Sometimes very valuable things are picked up secondhand. Let us have it.—A. I understand there is no inter-relation between these conferences. You may find that they consider rates together, as you have done here in this particular trade, when they affect one another, but there is no central body such as one of the members of the committee has suggested, directing these conferences. They are all absolutely left as local as possible.

By Sir Eugene Fiset:

Q. But the way they work is under the central system?—A. No.

By the Chairman:

Q. Just tell us what would give rise to conferences, inter-se. What would give rise to conferences between the conferences?—A. Now, for instance, there are differences up and down between here and the Continent. One way of arranging for an equilibrium would be for the members of the conference to get together and say, "Now, how can we do this so we do not have this discrepancy between the two rates?"

By Sir Eugene Fiset:

Q. But what agency gets them together?—A. They do not need an agency, you see; they are so closely connected.

By Mr. Symington, K.C.:

Q. May I suggest in answer to that that in the North Atlantic Conference, for instance, Mr. Morsen is secretary of them all?—A. Yes, it may be.

The CHAIRMAN: There is the centre of it.

Mr. MONTGOMERY, K.C.: I do not think Mr. Morsen is secretary of more than one.

Mr. SYMINGTON, K.C.: He is secretary of the Atlantic conferences.

[Mr. H. M. Cleminson.]

Mr. MONTGOMERY, K.C.: I understand the Chairman is speaking of inter-conferences between the North Atlantic, the South Atlantic and the Gulf Conferences.

By the Chairman:

Q. Take the one Mr. Montgomery has mentioned. Suppose there was a conference between the North Atlantic, the Gulf and the South Atlantic, how would that arise, how would it be operated. What would give rise to it, first?—A. It is in the realm of speculation. If their rates affected any of the interests of the lines concerned, and, therefore, through them, of the shippers, that would naturally give rise to general conversations among themselves. They might all come to some central point for dealing with those differences.

Q. I have gathered from your statement that such a thing as this might happen—you will tell me whether my mind is working correctly or not—suppose that the Gulf Conference operates from Galveston and other ports on the Gulf of Mexico—Galveston is on the Gulf of Mexico?—A. Yes.

By Mr. Montgomery, K.C.:

Q. You do not know anything about those Conferences on this side?—A. Galveston is in the Gulf, I presume.

Mr. SYMINGTON, K.C.: I think we will get that more satisfactorily from some other witness.

The CHAIRMAN: I think Mr. Stevens has a question he would like to ask.

By Hon. Mr. Stevens:

Q. Before we leave that point, I would like to ask this question point-blank: Is there, as General Fiset has suggested, a central power to whom the individual conferences are in any sense responsible or to whom they report, or which brings about a conference of those Conferences?—A. Nothing of the kind.

Q. That is a positive answer?—A. Yes, that is quite certain.

By Mr. Symington, K.C.:

Q. As a matter of fact, the members of one Conference are members of another, are they not?—A. That is right.

Q. Therefore they meet together and exchange all their tariffs, do they not?—A. I do not know, I never heard of it.

Mr. MONTGOMERY, K.C.: I think we had better get that information from one who knows more about it.

Mr. SYMINGTON, K.C.: I am perfectly satisfied that there is a conference on rates.

Mr. MONTGOMERY, K.C.: There is no such thing as a central organization.

Hon. Mr. STEVENS: I did not ask any leading question; I asked a point-blank question and I think I am entitled to a point-blank answer. The witness says "No." If there is any witness who can say that there is, we will hear that witness.

Mr. MONTGOMERY, K.C.: It is understood that nothing beyond those Conferences gets together. I am instructed to say that they are more frequently called together by the United States Shipping Board; that is, the United States Shipping Board calls them together in the shipping interests of the United States.

By the Chairman:

Q. There will be a Conference, I presume, in Great Britain between the different Conferences, will there not, sir?—A. I do not know sir.

[Mr. H. M. Cleminson.]

By Sir Eugene Fiset:

Q. That is one reason why I was asking the witness if the Chamber of Shipping had any relation whatever to those Conferences, if the Chamber of Shipping was calling those Conferences together in order to discuss rates. Mr. Montgomery says that the United States Shipping Board calls them sometimes together. I want to know if the Chamber of Shipping is doing the same thing in England?—A. I am afraid we should make an awful mess of it if we tried.

By Mr. Symington, K.C.:

Q. Do you know any office in Leadenhall street, London, a Conference office?—A. You see that is the great shipping street in London.

Q. Do you know of any Secretary of Conferences there?—A. I do not know the names. I think Westrays runs one Conference, and the P. & O. have their head office in Leadenhall street.

Q. First, has the central office of the Conferences in Leadenhall street a secretary?—A. No, I am not aware of it.

Q. Do you know?—A. No.

By Sir Eugene Fiset:

Q. Did you say that you yourself were the Secretary of one of those Conferences or of a group of Conferences?—A. No, I have nothing to do with a rate or freight Conference.

By the Chairman:

Q. Have you anything to do with any other kind of conference?—A. The Chamber of Shipping is a conference—call it a parliament or a conference or anything—perhaps you could more properly call it a parliament.

The witness retired.

The Committee adjourned until 4 p.m.

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The meeting will please come to order.

HENRY MILLICAN CLEMINSON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Cleminson, just to explain your appearance here before this Committee. Did you come here purposely for the purpose of giving evidence before this Committee?—A. No, sir; I came out simply because the Canadian Government invited the Chamber of Shipping to come out.

Q. And at the time you received the invitation of the Chairman to testify here, had you prepared a memorandum of your evidence?—A. No; it was prepared during the week-end.

Q. As regards the local situation as to freights on different commodities—are you familiar with that?—A. No, sir.

Q. Are you familiar with the question as to whether the liners go out with full cargoes or vacant space?—A. No; nothing of that kind. The kind of thing we try to do in the Chamber is to keep curves of freight showing the upward and downward movements, which are published in a statistical paper. That is done by the Statistical Department and is based on public information. To the extent that the information was not available, of course, the shipowners were willing to give information.

Q. Reference has been made to the quantity of idle ships and surplus tonnage that there is at the present time. Where are these idle ships?—A. Well,

[Mr. H. M. Cleminson.]

sir, of course the largest quantity is in America, but in England, there was, according to our statistics, approximately 750,000 gross tons lying idle at the beginning of the year. I left before we had our recent figures, showing what was laid up at the end of the last quarter.

Q. And why is that?—A. It is merely because there is an excess of supply over demand, so that the levels of freight are not sufficiently attractive to the ships to come out. It may cost them £300 a month to stay in port; if they see a chance to reduce their £300, of loss materially, they would certainly come out and help to depress freight markets.

Q. So that if the freights were even attractive enough at the present to allow a shipowner to break even what effect would it have upon these idle ships and their movements?—A. They would certainly come out rather than pay the expenses of being laid up.

By Mr. Montgomery, K.C.:

Q. What bearing has that upon the likelihood of a regime which will afford more profitable freight returns in the near future?—A. I think, sir, it makes it impossible, and so long as surpluses of tonnage remain in the world, there cannot be freights which are excessive.

Q. If the freight rates at the present time, for instance, were advanced 25 per cent, what would occur as regards these idle ships?—A. They would undoubtedly all come out.

Q. If the costs decreased so that the profits upon them increased, would the same result follow?—A. Certainly, if the freight remained the same and the expenses shrunk, that would have the same effect.

Q. So it all gets back to the old law of supply and demand, Conference or no Conference?—A. Yes, I think it might interest the Committee if I read a short extract from the address of the President of the Chamber of Shipping of the United Kingdom, on that subject. Mr. John Denholm, the President of the Chamber of Shipping, speaking, in February, at the Annual Meeting—

Q. That is not for 1897 or for 1870, but for— —A. It is 1925. Mr. Denholm said:

“I am told it is the privilege as well as the practice of the incoming President to lay his programme before you, and even embark on prophecies, if he has the temerity to prophesy. Now, the only prophecy that I would venture to make at this time in regard to freight and tonnage is that they will follow their old course in the old way of pursuing each other according to the law of supply and demand. As freights improve, laid-up tonnage, as well as new tonnage, will be put on the market, and so long as the present surplus of tonnage continues, it will only have the effect of decreasing the rates again.”

Q. Do you agree with that statement?—A. Entirely.

Q. By the way: in this question of the increase in tonnage, you were asked by one of the hon. members of this Committee on Friday as to whether you could give any figure which would show under which flags these increases had been developed?—A. Yes, sir.

Q. Have you any information along that line?—A. Being divorced from my office, the only information I have here at the present time is first the present tonnage figures. I have here the annual report of the Chamber of Shipping for this year containing a statement of the sea-going world tonnage as at the middle of last year extracted from Lloyds Register of Shipping and I have also here the report of the Chamber of Shipping of the Liverpool Steamship Association, report on trade after the War. This contains figures for 1911. I have had a comparison made between those two figures and showed the percentages of increases. The tonnage of Great Britain and Ireland rose from 17,148,017 to 18,154,958, namely 10.53 per cent.

[Mr. H. M. Cleminson.]

By the Chairman:

Q. From what time to what time?—A. That is in 1911 and 1924. Now the United States tonnage, their sea-going tonnage rose from 610,096 to 12,495,403, namely 1948.10 per cent; Japan rose from 1,405,482 to 3,842,707 or 173.41 per cent.

By Sir Eugene Fiset:

Q. What date?—A. These are dated 1911 as compared with 1925. That is nearly three times as much. France rose from 1,340,989 to 3,289,834, 145.33 per cent; Germany, as you know, is in the peculiar position that having had 4,021,865 before the War, she was deprived of most of her sea-going tonnage but already she had, by the middle of last year acquired 2,872,220; Italy had 1,115,190 and last year had 2,718,606, and increase of 143.78 per cent and so on. Should I give the percentages of increases? Holland increased 203.62 per cent; Norway 51.37 per cent; The British Dominions 51.83 per cent; Sweden 22.02 per cent; Spain 61.73 per cent; Denmark 49.28 per cent; Greece 23.05 per cent; Belgium 116.53 per cent; Brazil 25.86 per cent; Portugal 280.42 per cent; Argentine Republic 18.22 per cent; Chile, 44.58 per cent.

Q. Reference has been made this morning to the report of the Royal Commission on Shipping Rings, from which several extracts have been taken. I understand Canada was represented in the first instance at that Conference was it not?—A. That is so.

Q. You may read into the record the statement in regard to the Canadian representation?—A. "We regret that at an early stage of our inquiry we were deprived of the services of J. Torrance, owing to ill-health. T. H. Mathers was subsequently appointed to act as the representative of Canada in place of Mr. J. Torrance and he attended our meetings until the end of 1907, when with the permission of the Canadian Government he resigned on the ground that Canadian interests were not sufficiently affected to necessitate the presence of a Canadian representative at our meetings."

Q. This morning you made a reference to a report on control stations, which you said you would be prepared to file. It may be of interest if you would file it if you have it before you.—A. I think Mr. Robb has the copy there.

Q. That gives the history of these control stations does it not?—A. Yes.

By Mr. Montgomery:

Q. You were asked this morning as to the importance of the port charges. Is that a matter which could be appreciated by reference to the evidence already in the record at page 23 (Witness refers to page 23)—A. That is true.

Q. Of the year's earnings how much is absorbed in port, unloading and discharging charges in port?—A. The costs of loading and discharging, 105 days.

Q. The port charges themselves?—A. The port charges, 49 days.

Sir EUGÈNE Fiset: I understand those two ships operate between Halifax and England.

Mr. MONTGOMERY, K.C.: I have not had an opportunity of checking these extracts of the Imperial Commission on control stations and if I do not cross-examine it will not be taken as an admission that they are theoretically correct.

The CHAIRMAN: What is the next item on the programme?

Mr. SYMINGTON, K.C.: I think my learned friend has more evidence.

The CHAIRMAN: Perhaps I should have directed that question to you (Mr. Montgomery) rather than to Mr. Symington.

Witness retires.

DAVID YOUNG, called and sworn.

Mr. MONTGOMERY: The evidence which we are making by Mr. Young and any other evidence we will have to offer will be to reply, as best we can, to the

[Mr. David Young.]

questionnaire which was laid down by my learned friend. This particular evidence will bear upon the results of the voyage accounts, in which everybody seems to be considerably interested.

By the Chairman:

Q. What is your full name?—A. David Young.

Q. You live where?—A. Montreal.

Q. With what line are you connected?—A. I am a chartered accountant.

Q. Is the name of your firm David Young and Company?—A. I am a member of Price, Waterhouse & Company.

Mr. SHAW: May we ask the witness to speak out a little more distinctly?

The CHAIRMAN: Mr. Young will bear that in mind. You will hear him distinctly from this time onward.

Mr. RINFRET: I did not catch the name of the line.

The CHAIRMAN: He is in the chartered accountant line, his firm is Price, Waterhouse & Company.

Mr. RINFRET: That shows how far astray I was.

Q. You are a chartered accountant, Mr. Young?—A. Yes sir.

Q. You might briefly state your qualifications.—A. I am a member of the Chartered Accountants, Scotland, Edinburg Society, admitted in 1907; I am also a member of the Institute of Chartered Accountants, Manitoba, 1917.

Q. I understand you were for some considerable time, in charge of the Manitoba offices of Price, Waterhouse & Company?—A. I was the manager for our firm for eight years.

Q. You are at present Associate Manager at Montreal, are you not?—A. I am one of the partners at Montreal.

Q. Have you had occasion to prepare any statements in connection with the voyage accounts of any of the lines engaged in the North Atlantic trade?—A. Yes. We were instructed by the various lines to prepare statements of the operations of their voyages on the North Atlantic route, on a uniform basis, with the object of preparing a combined statement for the years 1923 and 1924, which would show in a combined form the earnings and operating expenses of ships operating on the North Atlantic Canadian route.

Q. Do you mean purely Canadian boats?—A. Boats which call at Canadian ports.

Q. How did you obtain the necessary information for the purpose, and why was it you were selected?—A. I think we were selected largely because the various lines who are involved in this enquiry did not wish their individual figures and results to be known to each other; our instructions were that the information we obtained and the material from which we built up our statement was to be considered as purely confidential between lines. That was the main reason I think we were selected.

Q. My learned friend Mr. Symington asks whether you were instructed here or in London?—A. We were instructed here, in Montreal.

Mr. SYMINGTON, K.C.: My information is that they were selected in London.

Mr. MONTGOMERY K.C.: No. I was present at the meeting and heard the suggestion made.

By Mr. Montgomery K.C.:

Q. Have you prepared a statement to show the results of the operations of freight boats on the North Atlantic Canadian trade?—A. Yes. I have a statement here of the operations for 1923 and 1924 of the cargo steamers of the various steamship lines operating in the North Atlantic Canadian trade. This embraces the operations for 150 voyages of 31 steamers in 1923.

EXHIBIT No. 35

OCEAN FREIGHT RATE CASE

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF CARGO STEAMERS OF VARIOUS STEAMSHIP LINES OPERATING IN THE NORTH ATLANTIC CANADIAN TRADE

	1923			1924		
	Aggregate	Per Voyage	Per Day	Aggregate	Per Voyage	Per Day
Number of Steamers.....	31			51		
Number of Voyages.....	150			201		
Days of Voyage.....	9,242			10,496		
Original Cost of Steamers..	\$26,209,995 66			\$48,986,330 45		
Freight Earnings.....	\$ 6,360,587 88	\$42,403 91	\$688 23	\$8,698,544 34	\$43,276 34	\$828 75
Operating Expenses—						
Port Charges.....	\$2,741,332 83	\$18,275 55	\$296 62	\$3,402,346 88	\$16,927 09	\$324 15
Fuel.....	1,456,216 22	9,708 11	157 56	1,920,767 92	9,556 06	183 00
Wages.....	721,565 00	4,810 43	78 07	844,161 20	4,199 81	80 43
Stores and Provisions....	369,098 60	2,460 66	39 94	446,623 24	2,222 00	42 55
Insurance.....	367,771 44	3,785 14	61 44	536,632 78	2,669 82	51 13
Repairs.....	409,836 61	2,732 24	44 34	381,940 70	1,900 20	36 39
General and Management Expenses.....	270,391 03	1,802 61	29 26	528,640 87	2,630 06	50 37
Sundries.....	273,500 10	1,823 33	29 59	302,379 99	1,504 38	28 81
Total Operating Expenses...	\$6,809,711 83	\$45,398 07	\$736 82	\$8,363,493 58	\$41,609 42	\$796 83
Profit or Loss before charging Depreciation and making provision for extended Lay-ups.....	\$449,123 95	\$2,994 16	\$48 59	\$335,050 76	\$1,666 92	\$31 92
Depreciation.....	866,884 67	5,779 23	93 79	1,165,530 53	5,798 66	111 04
Loss after charging Depreciation but before making provision for extended Lay-ups.....	\$1,316,008 62	\$8,773 39	\$142 38	\$830,479 77	\$4,131 74	\$79 12

NOTE:—Words and figures **underlined** were in red type in original document.

Q. Perhaps you have a few copies which you can distribute. I would like to give my learned friend Mr. Symington a copy.—A. I have a number of copies. This statement embraces the operations of 150 voyages of 31 steamers in 1923 and 201 voyages of 51 steamers in 1924. It includes cargo liners only; there are no passenger liners included.

Q. What lines are included?—A. For the year 1923 there are included the Cairn Line, the Manchester Line.

By the Chairman:

Q. The Cairn Line is for 1923?—A. Yes sir.

Q. What else?—A. The Cairn Line with eight boats, the Manchester Line with twelve boats, the Canadian Pacific Steamships with eleven boats, that is 31 boats in all, and for the year 1924, 201 voyages of 51 boats, from the five boats of the Donaldson Line, one boat of the Anchor-Donaldson Line, the Cairn Line seven, and the Furness-Withy and Manchester Lines.

By Mr. Symington, K.C.:

Q. Are those combined?—A. Yes, that is lines managed by the Furness-Withy Company.

Q. You did not keep them separate?—A. I am not familiar with the boats, but I know they were the boats of these lines. There were thirty. The Canadian Pacific Steamships had eight. That makes 51 boats in all for 1924.

By Mr. Montgomery, K.C.:

Q. Which group are the Johnston Line and the Warren Line associated with, the Furness-Withy and Manchester Lines?—A. With the Furness-Withy and Manchester groups.

Q. The Furness-Withy and Manchester would include the Johnston Line and the Warren Line?—A. Yes.

Q. My information is that there are two other lines included in that group, the Furness-Withy group, the Gulf Line and the Norfolk and North American?—A. They are all classed under the Furness-Withy group.

Q. Whatever the names may be, they include all the boats operated by the Furness-Withy system?—A. Yes, for 1924.

Q. Were they selected boats, or all the boats operating in the Canadian trade of their respective lines, the cargo boats?—A. They were not selected boats, they are all the boats operating in the Canadian North Atlantic trade of which we were able to get sufficient detailed information within the time necessary to make up this statement.

Q. And they were all boats operating in the Canadian North Atlantic trade?—A. Yes sir.

Q. Are there any other lines carrying freight to and from Canada?—A. Yes. This statement does not include the operations of the Cunard, the White Star-Dominion or the Head lines.

Q. Why?—A. For the reason that we did not get the detailed information sufficiently early to include in this statement.

Q. It is coming in, is it; have you the Head Line figures now?—A. Yes, we have the Head Line figures now; they came in yesterday afternoon.

Q. Lest I should forget it later, in anticipating the figures, the statement of the Head Line which you have not had time to consolidate, would they materially affect the results in the statement you have just exhibited?—A. No. The Head Line for both years included the operations of nine boats, and the results of the voyages of those nine boats were fairly similar to the combined results as shown in this statement. The inclusion would not change the average or the total figures in any great degree.

So that that would give us a total of sixty cargo boats for 1924?—A. For 1924 there would be sixty cargo boats.

Q. Have you the information, or is there anyone here who can give us the information as to how many cargo boats there were in all during 1924 on the Canadian route, so that we may know what proportion we have of the total?—A. As far as I know, in 1924 the only boats omitted are nine boats for the Head Line and—

Q. And you say you have the results of those?—A. I have the results of those, but they are not in this statement. Those that are not reported are six cargo boats of the White Star, and seven cargo boats of the Cunard Line, 13 in all.

Q. So that you have before you, whether incorporated in your statement or in your possession, sixty out of seventy three boats?—A. Sixty out of seventy-three boats.

The CHAIRMAN: Should this statement not be filed as an Exhibit, Mr. Montgomery, because I presume it will form the basis of a good deal of examination.

Mr. MONTGOMERY, K.C.: I have no objection, sir.

The CHAIRMAN: What do you say, Mr. Symington?

Mr. SYMINGTON, K.C.: I presume that that is what it is here for, Mr. Chairman.

The CHAIRMAN: Better number it and have it put in.

Hon. Mr. STEVENS: Incorporate it in the proceedings.

[Mr. David Young.]

The CHAIRMAN: We are not printing everything, although we may print this.

By Mr. Montgomery, K.C.:

Q. I understand with the exception of the Canadian Pacific Steamship figures all the others have had to be obtained from England, have they not?

By Mr. Montgomery, K.C.:

Q. Will you tell us why the statement for 1923 does not contain the results of all the boats of all the lines embraced in the statement for 1924?—A. The statement for 1923 embraces fewer boats than 1924, because there was not sufficiently detailed information available on this side to incorporate the operations of those boats in this statement.

Q. As far as the information went which you did receive, in what direction was it?—A. For those boats that are not included for 1923?

Q. Yes.—A. The information we have is that the operations of those boats for that year resulted in losses.

Q. Had you enough information to enable you to express an opinion as to whether or not those losses were comparable with those of the boats whose results are exhibited here?—A. Just in the final result, the final loss shown, the net loss I mean shown by those boats was on about the same scale as those which are included, operating under the same conditions.

Q. But you did not have sufficient detailed information to set them out the way they are shown in this statement?—A. We did not have sufficient details of the operating expenses.

By the Chairman:

Q. This information that you give for the years 1923 and 1924 is based on what information was available this side of the ocean?—A. No, both sides.

By Mr. Montgomery, K.C.:

Q. I will get that; I am going to take him over what he had before him, so that you will have all the information on that. A representative of the Anchor-Donaldson, who is here, tells me, Mr. Young, that the reason 1923 did not come out was that your London office—that is, the London office of Price, Waterhouse & Co.—only asked the Glasgow office for 1924. I do not know whether you know of that or not.—A. They were told to ask for 1923. Still, that is the reason.

Q. That is something you do not know anything about?—A. No.

Q. Now, do these statements include the results of voyages of these lines calling at Canadian ports?—A. Yes. The voyages included in this statement are round voyages between the United Kingdom and Canada, and for the purpose of this statement Portland, Maine, has been included as a Canadian port, being a winter port. In some cases a steamer will start at Antwerp or Hamburg, or some other Continental port, will call at a United Kingdom port, and then proceed to Canada. In other cases, a steamer will come from a United Kingdom port to a Canadian port; go on from there to a United States port, come back to Canada, and then complete its journey to its home port. In both of these cases the earnings and expenses of the complete voyage are included. There are other cases where, for some reason or other, a steamer may be taken off the North Atlantic Canadian service altogether, and sent on some other trade route. In those cases the voyages are left out of this statement.

By Mr. Montgomery, K.C.:

Q. What is included in a voyage, is it the round trip or the single trip?—A. The round trip from the home port to the home port, and the voyages included are only those touching at a Canadian port.

By Hon. Mr. Stevens:

Q. And the results of your statements are to show the results of the actual round voyages in each case?—A. The results of the actual round voyages made of the ships calling at a Canadian port in the North Atlantic route.

Q. And does not include voyages on other routes?—A. No.

Q. Does it include lay-up periods, or if there is a distinction to be made you might explain it to us?—A. As I understand it, the practice in shipping is, if the Canadian trade is dull, and the owners have no other trade route on which to put the boat, the boat is laid up for a period. I understand it is not usual to lay up a boat for a shorter period than one month, because if there is a lay-up for over one month there is a certain adjustment or rebate on the insurance rate.

Q. Are there expenses connected with these lay-up periods?—A. Yes, there are certain expenses.

Q. How have you treated those?—A. As far as we could identify the lay-ups, the expenses of any lay-up for over one month have been eliminated altogether.

Q. And what about the lay-ups of under one month?—A. It is hardly possible to identify those in the accounts. When the lay-up is less than one month the steamer is actually in commission; there is a skeleton crew on board and the boat is waiting to take its berth, waiting for the cargo, and the general practice among steamship lines seems to be to include such expenses of the short lay-ups with the expenses of the next succeeding voyage. That seems to be a condition of the trade.

Q. Now, you were asked by the Chairman as to the sources of your information for the preparation of these statements. Would you please give it?—A. We will take each line separately. The first we have is the Donaldson and the Anchor-Donaldson. We were furnished with a summary of their voyages, certified by the company's auditors in Glasgow. This summary was further supported by details of the voyage accounts, brought out to Canada by the representative of the Donaldson line.

Q. And you had access to that?—A. We had access to that information, and by using that in conjunction with the summary prepared by the company's own auditor, we prepared this statement. With the Cairn line, our firm is the auditor of that line in England.

By the Chairman:

Q. Is the witness dealing with the year 1924?—A. Both years. Our firm is the auditor for the Cairn line in England, and we were furnished by our London office with a certificate as to the net results of all voyages in the Canadian trade during those two years, 1923 and 1924. Those summaries were supported by detailed information brought out by the accountant, the representative of the Cairn line, in much the same amount of detail as was furnished by the Donaldson line, and by use of the two, the detail and the summary, we were able to make up this statement.

Q. And you personally had full access to these detailed voyage accounts and the voyage summaries which were brought out?—A. We had access to the voyage summaries. In the case of the Canadian Pacific Steamships, we are the auditors of that company in Montreal, and for these purposes we were furnished with the actual voyage statements for the whole of their Atlantic trade for these two years, and from these voyage accounts we prepared our own summaries of the voyages which came under the classification of Canadian voyages on the Northern Atlantic route, U.K.—Canadian voyages. With the Furness-Withy and the Manchester lines—and when I speak of these I mean that group of which the Furness-Withy Company are the managers—summaries were prepared by Furness-Withy Co.'s chief accountant, and he brought

[Mr. David Young.]

these with him, supported by copies of the voyage accounts pertaining to the Canadian service. We traced the results of each voyage to the profit and loss accounts in the respective lines, and traced the profits of the respective lines to the balance sheets of the individual companies.

Q. Are you satisfied that the figures you have used in preparing these statements are authentic?—A. Yes. As I have already said, in the case of the Canadian Pacific Steamships and the Cairn line, our firm is the auditor. In the other cases the accounts are audited annually by Chartered Accountants in England and Scotland, and we have traced the figures we have used from their companies to the individual certified accounts.

Q. You have actually made that check yourself?—A. Yes. I might qualify that by saying that in the case of the Furness-Withy group, our London office is now engaged in checking these figures to the originals in London. The others were done personally.

Q. Do they all keep their accounts on the same system?—A. No. Each line does not keep its account on the same system, although there is a certain uniformity amongst the various lines in the classification of their operating expenses. In preparing this statement, we have prepared first of all the summaries of each line in as much detail, in regard to operating expenses, as we could get. Then finally we grouped these operating expenses into some uniform classification which would cover all the lines, in order to enable us to build up a combined statement for the group.

Q. When you speak of building up a combined statement, has your reclassification to put them on a comparable basis affected the results at all?—A. No, it has not affected the results.

Q. Either to reduce the earnings or to increase the expenses?—A. No, earnings have not been reduced, nor have expenses been increased or reduced.

Q. Simply to get them on a common basis as to grouping?—A. A common basis as to grouping.

Q. Now, taking the statements themselves, the first two items—number of steamers and number of voyages—are more or less self-explanatory. They include, I think you told us, all the cargo boats of which there are records?—A. Yes.

Q. Now, the "days of voyage;" you might perhaps explain that item, how that is made up?—A. That is merely the total of the number of days in each voyage. The voyage starts from the day after the boat arrives in the home port.

By Mr. Symington, K.C.:

Q. How is that again, the next voyage?—A. The next voyage starts the day after the boat arrives in the home port.

Q. No matter if it stays there a month?

Mr. MONTGOMERY, K.C.: Just to get the information accurately, I am told the answer to the last question is not the uniform practice. If it is convenient to the committee, if you would like to know what the practice is—

Mr. SYMINGTON, K.C.: What we want to know is how Mr. Young made up his figures.

Mr. MONTGOMERY, K.C.: I do not suppose he made up these figures at all, he summarized the figures given him.

By the Chairman:

Q. May I just interject this question, to see whether I have correctly understood the witness so far. Am I correct in my understanding that this Exhibit 35 is a compilation of the statements prepared by the Chartered Accountants who audit the books of the different lines, and is only a work of

compilation by Price, Waterhouse & Company, except in respect to those lines in which Price, Waterhouse & Company is the auditor?—A. No, this statement is a compilation by us, by Price, Waterhouse & Co.

Q. Quite so.—A. From information supplied by the individual lines whose figures are included in this statement.

By Sir Eugène Fiset:

Q. The individual account of each line?—A. The individual lines.

Q. The accountant of each line?—A. The accountant of each line.

By Mr. Montgomery, K.C.:

Q. And in many cases the actual accounts of each line, the voyage accounts?—A. In some cases, yes.

Q. In one case it is the actual records themselves?—A. The actual records themselves in one case.

Sir EUGÈNE FISET: One part is the actual statement?

Mr. MONTGOMERY, K.C.: I believe they are both actual statements. We have only examined the ones in Canada.

The CHAIRMAN: In other words, Mr. Montgomery, this is a compilation by Price Waterhouse & Company of figures submitted to them in the case of a number of lines, and the figures which, as auditors of certain other lines, they have found themselves?

Mr. MONTGOMERY, K.C.: I do not know whether we are particularly interested in that. It is a consolidation of the various voyage accounts of all the cargo boats operating in the Canadian trade, with the exception of those mentioned. It is a consolidation so that you will get them on a comparable basis, and on a consolidated basis.

The CHAIRMAN: Quite so, but this consolidation is made up of a statement submitted to Price Waterhouse & Company in certain instances, and of figures prepared by Price Waterhouse & Company in other instances?

Mr. MONTGOMERY, K.C.: Obviously it is a physical separation, from the fact that they are obtained from two different sources; first, those who were in Canada, where they could go and see the originals, they went and saw them and drew their own figures; those on the other side, in certain cases, the figures were taken off by the London Branch—the English branches—of Price Waterhouse & Company, and in the cases which the witness has indicated they had the certificate of the Scotch or English chartered accountants who had audited, supported by the details which the accountants of the individual lines themselves brought out and have in Canada.

Hon. Mr. STEVENS: Mr. Chairman, I think it is very important at this point—and I am taking this from your question—that we should determine whether or not we are to accept these figures. I mean, it would be very unwise for us to proceed with accepting the statement of this witness, and then later on have the question arise as to whether this was just a compilation, and so on, or whether we are going to accept it. We ought to determine that now. I think that point is an important one.

Mr. SYMINGTON, K.C.: It brings up the question we have been struggling with in your absence, Mr. Stevens, namely, the production of these voyage accounts. Perhaps I should not say that, but we are trying to arrive at a *modus operandi* at the moment, with my learned friend and Mr. McMaster, and so far as my recommendation to the committee is concerned, we have to have access to the voyage accounts.

Mr. MONTGOMERY, K.C.: I think we are in the way of getting the actual voyage sheets and voyage accounts and all material which is on this side, placed

[Mr. David Young.]

at the disposal of someone to be selected, under an arrangement, the details of which we can work out, so that the committee will be satisfied that they have before them the actual facts, and this statement represents the actual results of the voyages of these special lines, and is not a fanciful thing, nor a compilation of anything, but merely a consolidation.

Hon. Mr. STEVENS: I was going to say, Mr. Chairman, that as far as I am concerned I would be satisfied if Price Waterhouse will state that they accept these accounts. I am quite aware there is no auditor can find access to books and accounts over in the Old Country to check over every figure, and we must repose some confidence in witnesses of the character of Price Waterhouse & Company. If Price Waterhouse will certify to the correctness of these and to the soundness of the sources of information, just the same as an auditor of a balance sheet, we can be perfectly satisfied.

The CHAIRMAN: We will ask the witness that question.

Mr. SYMINGTON, K.C.: A balance sheet means nothing; it is only for information.

By the Chairman:

Q. Now, Mr. Young, just how far are you, as one of the partners in Price, Waterhouse & Company, prepared to certify as to the accuracy of Exhibit 35?—
A. I am prepared to certify to it as it stands.

Q. As being composed of figures, all of which your firm—A. Are satisfied are correct.

Q. —are satisfied as being correct?—A. Yes.

Sir HENRY DRAYTON: He said he checked it over with the original before.

The CHAIRMAN: I thought he said that in one case at least certain figures were being checked up against some other figures.

Sir HENRY DRAYTON: That is the "Six" that they have not put in.

Mr. SYMINGTON, K.C.: The only original Mr. Young said he had was the C.P.R.

Sir HENRY DRAYTON: No, Mr. Symington is quite wrong. What the witness did say was this: that summaries were made and supporting papers were brought up, and he checked these summaries from the supporting papers and was satisfied with them. That may be all wrong.

By Sir Henry Drayton:

Q. Is that right?—A. In regard to the Anchor Line and the Anchor-Donaldson Line, I said that the originals were summaries certified by a well-known firm of chartered accountants in Glasgow, whose figures we are prepared to accept. Further than that, we identified these figures as establishing the accuracy, from the information which one of the directors of the company brought with him to this country.

By Mr. Symington, K.C.:

Q. Did you have the voyage sheets?—A. We had summaries of the voyage sheets. The voyage sheets are the size of this table (indicating), but the summaries, supported by the certificate of Messrs. Moores, Carson and Watson, we are prepared to accept.

Mr. MONTGOMERY, K.C.: And which summaries are the ones my learned friend was asking for the other day, except that our summaries are much more complete. We found out why these summaries were so short. It was because they were apparently tramp boats which carried bulk cargo, and had only one or two classifications, whereas the ordinary liners would contain much more than that.

[Mr. David Young.]

The WITNESS: The only other case in which there might be a doubt in the minds of the Committee would be the Furness-Withy group. There we saw copies of summaries of the voyage accounts. We traced these summaries through the companies' own profit and loss account, to the published balance sheet. In addition to that, I have asked our London office to see the original voyage accounts, but sufficient time has not elapsed to let us know if they have seen these or not. That was merely a further substantiation.

By Mr. Montgomery, K.C.:

Q. And you will no doubt get a cable in due course?—A. We expect a cable any day.

By Hon. Mr. Stevens:

Q. And you place your imprimatur upon this statement as a member of Price Waterhouse & Company?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. And you accept the responsibility as such?—A. Yes.

Q. In the case of the voyage accounts where you did not actually see the originals, but where you relied upon statements of a prominent firm of auditors, whose certificates you say you are prepared to accept, I would ask how that is comparable in result with those where you were able to make the actual check yourself?—A. You mean in the results of operating and voyages?

Q. Yes, precisely; as to whether they showed profits or loss, for instance? Were they in line with these results which you were able to personally check?—A. They were very much in line with the results we actually saw. An individual voyage might be different from another individual voyage. When you take a group of voyages and compare them with another similar group of voyages in the same trade and on the same routes, they showed a great similarity.

Q. Now, your next item "Original cost of steamers." I suppose your figures describing these are in the same way as you describe the results?—A. No; the original cost of steamers is the total amounts submitted by the various steamship lines, whose boats are included in the statement.

Q. Now, the next item, "Freight earnings." Will you tell us what that includes?—A. "Freight earnings" represents the full freight earned by each voyage after deducting a certain amount of brokerage, commission to freight agents, and such expenses like—

Q. But represents the entire earnings?—A. It represents the actual earnings to the boat.

Q. It represents the entire earnings from any source whatever?—A. The entire earnings from all sources.

By the Chairman:

Q. Less brokerage and commission?—A. Yes; it represents the net figures that actually accrued to the steamship lines.

By Mr. Symington, K.C.:

Q. Gross earnings, less what?—A. Brokerage.

Q. And you said something else—what was it?—A. The commission to freight agents, where there are any.

By Mr. Montgomery, K.C.:

Q. And you have worked those out, showing, first, the aggregate earnings for the fleet for the season, have you not?—A. Yes.

Q. That is the \$6,000,000-figure?—A. Yes, for 1923. The \$6,000,000 is the aggregate figure for 31 ships. The next figure, \$42,000 odd, is the average amount per voyage for that period.

[Mr. David Young.]

By Mr. Symington, K.C.:

Q. Divided by 150?—A. Yes, divided by 150.

Q. And the next item, \$688.23, is the average return per voyage day? There is some classification—

Mr. MONTGOMERY, K.C.: Now, we can assume that the two sets of figures giving the amounts for 1923 and 1924 would not be comparable?

The WITNESS: No, the aggregate is not comparable.

By Mr. Montgomery, K.C.:

Q. And the other two columns, "Per voyage" and "Per day"—are they strictly comparable?—A. Yes, they are comparable. Perhaps I had better qualify that answer. The "Per voyages" are comparable; the "Per day" figures are comparable also, but there is one thing which must be taken into consideration, and that is that the average number of days in a voyage in one year might vary from the average number of days in a voyage in another year. As this variation occurs, these comparisons are a little bit spoiled.

Q. And your collection of 31 ships is about the same in quality and earning power as the collection of 51 ships in another year?—A. Yes.

Mr. MONTGOMERY, K.C.: We have, however, representatives of the different lines who can speak as to that, if the question is of moment.

Mr. SHAW: There was some question in regard to the "Per day voyages." Has that been cleared up?

Mr. MONTGOMERY, K.C.: No, not yet. It depends upon which it is taken from. It does not affect the result, but it depends upon where you split the thing. I can get that from the other witnesses. The information I have from three of the firms—and we will introduce evidence upon it—is that a voyage ends when the ship completes her discharging, and begins when it commences to load again.

Mr. SYMINGTON, K.C.: That is a very important point.

Mr. MONTGOMERY, K.C.: Perhaps the more correct way of putting it is that a voyage ends when the ship completes discharging.

Mr. SYMINGTON, K.C.: And when does the next one start?

Mr. MONTGOMERY, K.C.: When she begins to load. We have the accountants and I prefer they would describe this for themselves.

Mr. SHAW: On what basis does the witness make his compilation?

By Mr. Montgomery, K.C.:

Q. You might answer that question, Mr. Young?—A. The number of days are made up by adding together the number of days given by each line on each voyage. If the various lines have not a uniform basis—

By Mr. Symington, K.C.:

Q. Then you are wrong?—A. No, not wrong.

By Mr. Montgomery, K.C.:

Q. But you have taken the number of days on each voyage as shown by the accountants, who are here to speak for themselves about it?—A. Yes.

Q. And if there are any differences in their methods they can explain what they are?—A. It will not make much difference. It—

Q. But your consolidation shows—A. Shows the actual days which they reported.

Q. Now, on the other side of the sheet are the operating expenses. What is included under the heading of "Port Charges"?—A. Under "Port Charges" I have included dock dues, stevedoring, lighterage, pilotage, and other expenses

[Mr. David Young.]

incidental to the loading and discharging of cargo. These are direct charges against each voyage and the total of \$2,741,333 in 1923 and a corresponding amount in 1924 represents the total of such expenses for all voyages.

Q. In the same way you have the figures per voyage per day for both years?—A. Yes.

Q. Fuel?—A. The fuel represents the coal or oil actually consumed on these voyages. The accounts of each voyage are charged with the fuel consumed and that amount is the total consumption for the 150 voyages and the 201 voyages for the next year.

Q. The item of wages?—A. Wages represents the wages of the master, officers and crew. These are direct charges against each voyage.

By Mr. Symington, K.C.:

Q. Each voyage, not per month?—A. No.

Q. Stores and provisions?—A. These represent provisions for the crew, the engine room supplies, ropes, tackle and other supplies incidental to the running of a ship. These are all direct charges.

By Mr. Montgomery, K.C.:

Q. Insurance?—A. Insurance represents the insurance on the boat, but it includes a relatively small amount of insurance on freight revenue. Each boat is insured separately and the cost of insurance of each boat is apportioned over the various voyages in accordance with the number of days in each voyage.

Q. So that those longer lay-offs are not reflected here at all although the boat would be still insured?—A. No, there are no expenses for extended lay-offs here.

Q. Repairs?—A. The amount shown for repairs includes the ordinary repairs incurred during each voyage and also the expenses of the annual overhaul and classification survey. All lines do not treat the expense of repairs in the same way. In some cases ordinary repairs, incidental to each voyage, are charged against the voyage and per diem rate is also charged to provide for extraordinary repairs and for the annual overhaul. In other cases each voyage is charged with a per diem rate, which include all repairs, ordinary and extraordinary and overhaul. There are still other cases where there is no charge in the voyage accounts but the repairs for each boat are charged as repairs in the profit and loss account. Now, in preparing this summary I have included under the caption of repairs all expenses for repairs, overhaul and classification survey, irrespective of the manner in which the individual lines kept them.

Q. In order to get it on a common basis?—A. In order to get it on a uniform basis.

Q. In any distribution you made has it increased the cost?—A. It has not affected the total operating expenses.

Q. They are truly and carefully represented in the statement you have produced?—A. Yes.

Q. Where the voyage accounts are charged the per diem amount how is the actual expense treated?—A. In these cases the amount which is charged against the voyage is credited to a reserve account and the expense of the actual repair is charged to that reserve account as and when it is incurred. The practice is merely a means of spreading over each voyage certain expenses which are only met periodically.

Q. This is the commonly used method of treating ordinary repairs?—A. Yes. In other industrials it is the usual method. For instance take a steel mill; it provided for re-lining its blast furnaces in that method.

Q. We would be rather interested in ascertaining whether that works out to an unduly inflated expense. Have you been able to check that in any way, for instance, in the present case where the per diem rate is charged for over-

haul repair, are you satisfied these are fair?—A. It is the practice to estimate a per diem rate at the beginning of a season. If there should be any surplus or deficit between the amount estimated during one season and the amount actually expended during the season, these surpluses and deficits are taken into consideration in arriving at a fair rate for the next season. It is naturally to be expected that the provision in any one year will be either more or less than the actual amount expended. When you take it over a period of years the cost is spread more evenly.

Q. That is interesting in theory. In the present case what do you find?—A. In the present case the repair charges made by the lines who have adopted this method are less in the aggregate than the actual repair expenses incurred during the two years.

By Sir Henry Drayton:

Q. Perhaps the witness could go a little bit further along that line and say whether there is any difference in treatment between 1924 and 1923. It would cost less to repair fifty-one boats in 1924 than thirty-one in 1923?

The CHAIRMAN: We should have the tonnage of the 1924 and the tonnage in 1923.

Mr. MONTGOMERY, K.C.: The full information will be available to you.

Sir HENRY DRAYTON: Just on that point I indicated——

The CHAIRMAN: Perhaps you might answer Sir Henry Drayton's question.

By Sir Henry Drayton:

Q. Take the repairs for 1924 of fifty-one boats, \$381,940; in 1923 for thirty-one boats, \$409,836.61. Is there any difference in calculation?—A. These are the actual figures. The only thing I can suggest is that they did not spend as much money in 1924 as they did in 1923 on repairs.

Q. Why should insurance be cheaper in 1923 than in 1924? Was there a drop in insurance?

Mr. SYMINGTON, K.C.: It was very light. Certainly the drop was not 100 per cent. Here are \$26,000,000 worth of boats costing more than \$48,000,000 worth.

By the Chairman:

Q. Reverting to Sir Henry's question, does it not appear strange that in 1924 it cost \$381,940.70 to repair fifty-one boats, while in 1923 it cost \$409,836.61 to keep thirty-one in repair?

Mr. MONTGOMERY, K.C.: Of course Mr. Young can only give you what he is bound to give you, that is the figures from the accounts themselves. As to the reasons why, the representatives of the Lines, each of them are here and can specify them, the accountants or whoever may be appointed, as to the amounts. We won't need to speculate as to the reason why and we will give you what was actually done.

By Mr. Shaw:

Q. Are the thirty-one boats included in the fifty-one?—A. Not all of them.

Q. Practically all of them?—A. Yes.

By the Chairman:

Q. Did that discrepancy strike you? Did any possible reason for it come to your mind?—A. No, I did not go into that matter.

By Sir Eugène Fiset:

Q. Does it go to prove that some of the figures that were given to you by some of the different companies may vary from time to time, that you were

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dealing only with the actual figures submitted to you and nothing else?—A. The figures will naturally vary.

Q. Therefore, yours is, actually speaking, a compilation of actual figures furnished to you?—A. Yes.

By Mr. Montgomery, K.C.:

Q. You might get extraordinary losses which would make one year out of line with the following year. We don't need to speculate as to that because that will be placed before you and you will know the exact reasons why one year is different from another.

Sir HENRY DRAYTON: Some years you have made your repairs; other years you have not made your repairs. I thought perhaps the witness had looked into that question. The insurance seems a good deal out of line.

Mr. SYMINGTON, K.C.: The majority of the repairs are mostly covered by insurance.

Sir HENRY DRAYTON: No.

The WITNESS: There is one point you might clear up on insurance. It is not fair to base it as compared with thirty-one boats in one year and fifty-one boats in another. As I have explained insurance is spread over the voyages, in proportion to the number of days in the voyage; the first year, 9,942 days. Next year 10,042 days. That will be very largely the explanation in regard to insurance.

Mr. MONTGOMERY: There is one more explanation available in the room. I can indicate what it is now if you wish it, that is in 1924 the Underwriters permitted a reduction in the insured value of the boats, which they had not been willing to permit in 1923 and naturally the shipowners took advantage of it and insured for less. The underwriters required them to insure to a certain amount, a certain proportion and they relaxed and their requirements in 1924, with their aggregate amount of insurance being less the premiums would be correspondingly less.

Mr. SHAW: I would like to ask Mr. Montgomery the days on the voyage which are used in calculating insurance and repairs. Now, I notice that the average for the thirty-one ships would amount to sixty-two days each, whereas the average for the fifty-one is very much less. It should amount to 2,000 days more than is shown.

Mr. MONTGOMERY, K.C.: I can give you that information. One of the accountants for one of the lines informs me it is due to improved facilities on the other side, that the number of days in port were less in 1924 than in 1923.

Sir HENRY DRAYTON: It is $61\frac{1}{2}$ as against 52 I think.

By the Chairman:

Q. Is that your explanation, Mr. Young?—A. Yes sir.

By Sir Eugène Fiset:

Q. It is all taken into consideration in the insurance premium, that is, simply taking the figures given to you by the insurance companies?—A. It is based on the number of days on the voyages.

Q. Not on the value of the ship?—A. The insurance itself is based on the value of the ship. The insurance is based on, whatever value is placed upon the ship by the company.

Q. You do not know what the ships are insured for?—A. No sir.

The CHAIRMAN: Have you any other questions, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman.

[Mr. David Young.]

By Mr. Montgomery, K.C.:

Q. Now, Mr. Young, take the general management expenses, what do they amount to?—A. This item also is treated not always in the same way by each company. In certain cases where all the activities of the line are in the Canadian trade, all general management expenses are charged to that trade. In other cases, where the steamers are managed by agents other than the owners, the voyage accounts are charged with the management commission based upon freight earnings; in such cases these commissions are supposed to recoup the managers or rather those managing firms for the expenses which otherwise would be classed as General and Management, if the owners managed their own boats. There are also cases where a per diem rate is charged for general expenses, and that rate is charged to the voyage account proportionate to the number of days, and is treated in the same way as I explained in the case where repairs are treated on a per diem rate.

Q. You had the opportunity of comparing the charges made by the respective lines in a number of different ways, you had some where the actual expense was given in detail and so on; were you able to compare where the per diem rate is charged and to ascertain how that compared with the actual expense where it was charged direct?—A. Yes. They compared very well.

By Mr. Symington, K.C.:

Q. On what basis, the number of ships, the cargo carried, or how, per voyage?

By Mr. Montgomery, K.C.:

Q. Can you tell us where the per diem rate was charged to the voyage and the actual expense of management—what about that?—A. In the cases where the per diem rate was charged to the voyage, the actual expenses of management were greater than the amount charged to the voyage; we used the per diem rate which the company gave us.

By Mr. Rinfret:

Q. I understood you to say when we were dealing with freight earnings that they did not include brokerage or commission, and now you say that in certain cases the management expenses are charged up in that way. A. When I dealt with freight earnings I said they did not include brokerage or commission to freight agents. That does not include management commission.

Q. I understood that later on you said that in the case of certain companies the management expenses were under commissions to agents?—A. Commissions to managers. We are talking about two different kinds of commission. In this case, when I class Commission under General Management Expenses, that is the commission paid to a firm who actually operate the boats.

Q. There could be a case where the commission would be deducted from the earnings and later on added as an expense?—A. No; in no case is it in twice.

Sir HENRY DRAYTON: One is for getting the freight.

By Mr. Montgomery, K.C.:

Q. Go on.—A. I might put it in this way, that whatever brokerage is deducted from the earnings is the expense of getting that business, whatever commission is included with expenses is an expense of delivering the service to the shipper.

Q. In no case do they overlap?—A. In no case do they overlap one another.

Q. They are quite separate and distinct?—A. Absolutely.

By Sir Eugène Fiset:

Q. You could not segregate what charges are included under those different heads; could you give us an idea what charges are included there?—A. I can

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give you a general idea; there are office salaries, wages, clerical help, certain expenses on shore, wharves, piers, in other words all expenses incidental to the management of a steamship line not directly connected with the ships themselves or the voyages themselves; rents, rents of offices, insurance, supplies, stationary, and everything like that.

Q. Were the same figures given to you where the charges were given on a daily rate?—A. Yes, in cases where the daily rate was used for general expenses we were able to compare the total charge against voyages with the amounts actually spent for management, and the amounts charged the voyages were less.

By Mr. Montgomery, K.C.:

Q. Did that corroborate the fairness of the charge?—A. It showed that the voyages had not borne their proper share of the expense of that particular thing.

Q. Really had not borne their proper share?—A. They had not borne their proper share.

Q. By the way, do these management expenses include anything in the way of directors' fees or any charges of that nature?—A. No; there is nothing included in this statement for directors' fees, secretaries' fees, president's salary, interest on debentures or interest on investment, only purely operating expenses of operating steamers.

Q. In the total operating expenses there is no interest on investment and no interest on debentures?—A. There is no interest on debentures or interest on investment.

Q. Just operating charges?—A. Just operating charges.

Q. You have an item of Sundries; you might explain that?—A. That includes every other expense which could not be classed as above. In one particular line it might include various things.

Q. You have to have an item of that kind, I suppose?—A. In order to get a classification which will fit everything, we have to have some sundries. Sundries are not an unusually large figure as compared with the expenses shown.

By the Chairman:

Q. What do you put in sundries, Mr. Young?—A. Any expense not shown above.

Q. They are expenses not otherwise specified in that list, but what do they consist of, I do not know; what do you put under sundries?

Sir EUGENE FISET: Champagne and cigars, I suppose.

Mr. MONTGOMERY: I would like to draw your attention to the fact that in any of these details we can give you the direct evidence of people who are able to speak as to them.

The CHAIRMAN: Let the witness say. He can tell us, or we can get it from someone else if he does not know.

The WITNESS: I would rather you did that. This statement was prepared by us in order to avoid our giving evidence on any individual company.

By the Chairman:

Q. I am not asking you to give evidence on any individual company, Mr. Young, I am only asking you to tell us generally what you put under sundries; if you have not the information in your head, we will not bother you about it but will get it from someone else. It looks a little strange that you should come here and bring this statement and say that it is right, and yet cannot remember what is included under sundries and cannot tell us what is in that item. Are these classifications of operating charges ending up with sundries

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correct; is that classification of these different items one which you worked out yourself, or one given you by the company?—A. It is one we adopted which will fit the particular case we have.

By Mr. Montgomery, K.C.:

Q. There are miscellaneous items in several charge accounts, indicating this and that; you have grouped them under the head of sundries.—A. We had to.

Q. To avoid making a statement many more times long?—A. Yes.

Q. Is there any question about the correctness of this grouping, the compilation of the sundries which you have grouped in that way for brevity's sake?—A. There is no question about the correctness, no.

Q. The details will be available to whoever likes to check them up?—A. The details are there for whoever likes to check them up, they are in the possession of the individual lines.

Q. You use your total operating expenses in the same way, per voyage and per day, for the two years 1923 and 1924?—A. Yes.

Q. And in dealing with the profit or loss, that is to say, the comparison between the earnings of the boat and the operating expenses, you show it both before and after taking off a certain amount for depreciation?—A. Yes, or have done that.

Q. You might let us know what basis you have adopted for the depreciation allowance?—A. In this statement the allowance for depreciation is calculated at the rate of four per cent per annum on the original cost of each steamer for the number of days operated.

By the Chairman:

Q. I did not catch that, Mr. Young; will you repeat it?—A. The depreciation shown in this statement is calculated at the rate of four per cent per annum on the original cost of each steamer for the number of days operated; we have used the rate of four per cent on the original cost because that is the basis adopted by the British Inland Revenue Income Tax Department. There is one variation to that, in the case of steamers acquired second-hand. The regulations of the Income Tax Department in Great Britain allow the line to provide depreciation either on that basis of four per cent on the original cost or alternatively on the basis of the expectation of life of that second-hand steamer. In a few cases the depreciation is shown on that basis in this statement.

By Mr. Montgomery, K.C.:

Q. That is to say, where it was worked out that way by the depreciation schemes for the individual lines?—A. In the case of about three or four boats only.

By Sir Eugene Fiset:

Q. And such depreciation was not taken into account when you prepared the item for repairs?—A. No. The depreciation does not appear in this statement only down here.

Q. I did not know whether it was taken into account by the different companies when they gave you their statements, as far as repairs were concerned.—A. There is no provision for depreciation in that item of repairs.

Q. You are sure of that?—A. Yes, sir.

Sir HENRY DRAYTON: I do not think they are at all inter-related. We have had that up in the Merchant Marine, and I think we allow a higher rate of depreciation. I think Sir Henry Thornton charges up more than that.

Mr. MONTGOMERY, K.C.: Every line I have had anything to do with say that at least five per cent is necessary, but Price Waterhouse & Company have

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adopted four per cent because that is the rate which the British Income Tax Department authorities allow for it, and you may depend upon it that it is not too high.

Sir HENRY DRAYTON: My recollection of the way the deficit of the Merchant Marine is arrived at is by charging up a higher rate than that.

Mr. MONTGOMERY, K.C.: None of them have been able to make full provision, even at four per cent, as you will see. Do you happen to know, Sir Henry, whether there is any scale in our own Dominion?

Sir HENRY DRAYTON: My recollection is that it is five per cent. I speak from recollection, but I think that is right.

Sir EUGENE FISET: During the war it was five per cent.

By Mr. Montgomery, K.C.:

Q. In any event, whatever the rate should be, you have taken a rate of four per cent, that arbitrary rate adopted by the British Inland Revenue and Income Tax Department.—A. We thought it better to use the four per cent, because there was this precedent for it, which recognizes that there was a low rate. The individual lines realize that four per cent is not sufficient, but it is used here because it has the precedent of the British Inland Revenue and Income Tax Department.

Q. And in any event, I believe the results show that that does not much matter, because even the four per cent has not been earned anyway.—A. On the basis of these figures it would not stand one per cent.

Q. Just let us have the figures of 1923 and 1924 first, before making any allowance whatever for depreciation on these boats.—A. For the year 1923—. Shall I give the aggregate, per day and per voyage?

Q. Yes, and just let me take this first. Should a provision be made for depreciation, as much as for any other operating expense?—A. Yes. Depreciation is just as much an element of operating expense as wages is. Depreciation is the natural wastage of a fabric.

Q. And what would happen to any shipowner who did not provide for the depreciation on his boat?—A. He would be in a bad way.

Q. Now will you give us the results before and after depreciation? Take 1923 first.—A. For 1923 the operations for 150 voyages of 31 boats resulted, before charging depreciation, in a loss of \$449,123.95. This averages a loss of \$2,994.16 per voyage, and \$48.59 per day.

Q. After making allowance for depreciation at the low rate of four per cent what would be the result?—A. After making allowance for depreciation at four per cent, but before making any provision for lay-ups, the loss for 1923 of these voyages was \$1,316,008.62.

Q. And per voyage?—A. Per voyage this represented a loss of \$8,873.39, and per day it represented a loss of \$142.38.

Q. So that had depreciation been charged at the rate of four per cent, even, you would have had a loss of \$8,700 on each voyage made, an average loss?—A. There would have been an average loss on all the voyages.

Q. And these are the actual results?—A. Yes.

Q. The correctness of which you are prepared to stand by?—A. Using the basis of four per cent for depreciation. Now for 1924—, do you want those?

Q. Yes, I would like them. I think this is possibly the best information on the record.—A. For the year 1924 the operations of 201 voyages of 51 boats showed a profit, before charging depreciation, of \$335,058.76. This represented an average profit of \$1,666.92 per voyage, or an average profit of \$31.92 per day.

Q. I understand, as a matter of information, that the freights were raised in March 1921, were they not?—A. I believe they were. The depreciation is allowed for in 1924 on the same basis as in 1923, and after allowing for depre-

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ciation these operations showed a loss of \$830,479.77. This represented an average loss of \$4,131.74 per voyage, and an average loss of \$79.12 per day.

By Mr. Rinfret:

Q. Do I understand the witness to say the rates were different in the two years?

Mr. MONTGOMERY, K.C.: We have it in evidence, I think, that the rates were raised on the 1st of March 1921.

Mr. RINFRET: You cannot compare the two years, if the rates were different.

Mr. MONTGOMERY, K.C.: That is why you get, in 1924, a profit before depreciation, whereas in 1923 you had a loss before depreciation.

Mr. SYMINGTON, K.C.: You have not studied it very much if you think that is the reason. They saved more than that in the insurance alone, apparently.

Mr. MONTGOMERY, K.C.: That is an element, too, undoubtedly. Anything that went to reduce the charges would increase the profits, undoubtedly, but the major portion, I understand, was as a result of that, or at least it had a great deal to do with it.

Sir HENRY DRAYTON: You are only speculating; it depends on the loadings and so on.

Mr. MONTGOMERY, K.C.: We have the figures; why speculate?

Mr. SYMINGTON, K.C.: We are waiting to see them.

Mr. MONTGOMERY, K.C.: All you have to do is come to some practical arrangement, and you will see them.

The CHAIRMAN: Have you finished with Mr. Young, Mr. Montgomery? If you have, I will ask Mr. Symington to examine him. That is only if you have quite finished with him.

Mr. MONTGOMERY, K.C.: I have finished, Mr. Chairman.

Sir HENRY DRAYTON: I do not think we should be asked to wade through all this evidence. I think this Exhibit should form part of the record.

The CHAIRMAN: I am going to order it included as Exhibit 35, and printed in the record.

Cross-Examined by Mr. Symington, K.C.

By Mr. Symington, K.C.:

Q. Mr. Young, you said the Head line material arrived when?—A. Arrived yesterday afternoon.

Q. And you were able to give us practically the result?—A. Yes. I have not been able to incorporate it in these figures.

Q. So it is not such a very serious matter after all, or so voluminous or impossible to get at these figures, if we have the original documents before us.—A. In connection with that Head line, I might tell you that the statement which I saw yesterday was prepared by our London office after an examination of the books of the Head line, which occupied two men for three weeks. The men went from London to Belfast for that purpose.

By Hon. Mr. Stevens:

Q. From your office in London?—A. Our office in London.

By Mr. Symington, K.C.:

Q. Mr. Young, let use get at what you have got, so we can get it. Will your material show the names of the steamers?—A. Yes.

Q. Their tonnage?—A. Not in all cases; that can be get from the owners of the steamers.

Mr. MONTGOMERY, K.C.: We are preparing a statement for you.

By Mr. Symington, K.C.:

Q. And their age?—A. That is being submitted by the various lines, I understand.

Q. Their age?—A. The year built.

Q. And their speed?—A. As to that, I do not know.

Q. And their fuel consumption?—A. I do not know.

Q. Because checking up this fuel consumption, it looks terrible to me.—A. It is a big item.

Q. Have you that information, that we can get it?—A. I have no information as to the fuel consumption or the speed of the boats.

Q. Nothing on the fuel consumption or the speed of the boats. Does it show, for instance, days per voyage, days of loading, days of running, or days of discharging?—A. Yes, the information which the lines have shows that.

Q. The information which you have. I am speaking now of what you have; we will find out what they have later. What I want to know now is what you have.—A. I have had it.

Q. You have had it?—A. Yes.

Q. It is not in your possession now?—A. No.

Q. Will it show the result of each boat's trip?—A. The information which I had showed the result of each voyage of each boat.

Q. Will it show the amount of coal used on each voyage?—A. The voyage account does not necessarily show that.

Q. Your voyage account does not show that?—A. No. It shows the value of the coal consumed but it does not show the tonnage.

Q. Or where it bunkered at, or how much? Will it show the wages paid to each person?—A. The information I had does not show the wages paid to each person. It shows the total wages paid on each voyage.

Q. Does it show what they pay each man, and what the number of the crew is?—A. No.

Q. Does it show the amount spent for provisions per head per voyage?—A. That information does not appear on voyage accounts as a general rule. That is statistical information.

Q. It does not appear on your voyage accounts?—A. On any voyage accounts I have ever seen.

Mr. MONTGOMERY, K.C.: You may have seen those of a tramp, not a liner.

The WITNESS: That information could be supplied, I have no doubt, by every line. They keep that as statistical information.

By Mr. Symington, K.C.:

Q. So that for the purposes of this committee deciding what sort of boat is a good sort of boat to use on this trade, and what sort of trade pays and what sort of trade does not pay, there is nothing in this summary of yours which will help us in any way? That is, Exhibit 35.—A. Naturally, there is not.

Q. Now, does this cover everything you have done in connection with this investigation up to date, Mr. Young?—A. This Exhibit 35 is the result of everything we have done.

Q. Of everything you have done. You have not done anything with respect to boats that carry passengers and freight?—A. In the case of one line we tried to do something with a boat like that, but it is impossible to separate the expense of running the boat between passenger and freight earnings.

[Mr. David Young.]

Q. If you had undertaken to separate it, it would show so much for wages on the boat, and how many people were employed, would it not?—A. It would show how much was paid for wages on the boat.

Q. Exactly. Have you looked into these statements of any boats which carry immigrants?—A. May have done; I do not know.

Q. Did you?—A. I may have done it; I did not try to find out the class of passenger who was on any boat I looked at.

Q. There is nothing about passengers in this.—A. There is nothing at all about passengers in that.

Q. Or expenses in connection with passengers, or revenue?—A. Or expenses or revenue in connection with passengers.

Q. So I ask you if this is all you have done up to the moment?—A. I told you that was the result of all we have done.

Q. So you have not gone into the question of the costs of carrying and the revenues from boats other than those freight cargo boats which you selected?

Mr. MONTGOMERY, K.C.: He has not selected them.

Mr. SYMINGTON, K.C.: Which were furnished to him.

Mr. MONTGOMERY, K.C.: No, these were all the cargo boats.

Mr. SYMINGTON, K.C.: Which were selected.

Mr. MONTGOMERY, K.C.: These were not selected; these are all the cargo boats. It is not selection, it is the result of all the cargo boats without selection.

Mr. SYMINGTON, K.C.: All except the Cunard line and the White Star line.

The WITNESS: Sixty boats out of seventy-three.

By Mr. Symington, K.C.:

Q. Have you the record of the Cunard line at all?—A. No.

Q. Have not seen it, or that of the White Star line?—A. No.

Q. Now, have you information from which we can trace whether expenses in any particular items have increased or decreased during these years?—A. I have certain information in regard to increases. Do you mean increases between 1923 and 1924?

Q. Yes, or further back?—A. I have certain information in regard to the increase of expenses between 1913 and 1924, and it is acquired from information supplied by one of the owners of the line. I would not care to give that in evidence, because it is second-hand information on my part.

Q. But looking at your Exhibit 35 "Port Charges," there is a wide difference between "Harbour Dues," "Stevedoring," etc. You have not separated them?—A. No. "Port Charges" include harbour dues, stevedoring, lighterage, and the expenses of loading and unloading.

Q. And you have not kept it separate?—A. No, it is included there.

Q. Will the information you have show us what it costs to load and unload at Montreal, as it goes to Liverpool?—A. No, the information I had would not.

Q. And what portion of that was paid by way of, what we might call, harbour dues or lighterage, or the costs of loading the stuff into the boat?

The CHAIRMAN: Stevedoring.

By Mr. Symington, K.C.:

Q. Yes, stevedoring?—A. In some cases it would show the difference between loading and unloading; it would be included in that detail.

Q. The reason I ask that is that I was reading in the last report of the United States Shipping Board about a reduction of 15 per cent in the stevedoring charges, and I am trying to trace how these expenses are made up. The voyage accounts would give it, would they not?—A. Yes, complete voyage accounts would.

Q. Did I understand you to say that you expect to get the Cunard and the White Star voyage summaries?—A. I did not say.

Q. Did I understand you to say that this information did show the running days and the time in port?—A. In the case of some lines it did; it showed the days in port and the days at sea. In other cases the days were combined. This (indicating) is a combined statement of a group of companies, all independent of each other.

Q. We can, from the information that you had, get any particular company or class of boat?—A. From this information?

Q. Not from Exhibit 35, but from what you had in order to prepare Exhibit 35?—A. Yes; from the information I had to prepare this Exhibit 35, you can get each voyage of each boat.

Q. Quite so, because you will realize that a boat which takes 61 days costs a lot more than a boat which takes 54 days for the round trip. That is true, is it not?—A. It might do it.

Q. Naturally. And the average here is 61 days in 1923?—A. About 61 days, yes.

Q. Will it also show what the actual freight earnings were, without deducting brokerages or commissions?—A. That can be shown by the lines.

Q. They are properly an expense, I presume?—A. The items I have deducted from revenue?

Q. Yes?—A. They are properly an expense of acquiring revenue.

Q. Now then, will the information show, for instance, that you were loading grain, loading cattle, and loading other commodities—the expenses of loading a particular commodity?—A. I do not know that it would; I cannot say as to that.

Q. What I mean is, the charge as shown here for loading—if it were mostly grain—is completely out of line, is it not, Mr. Young?—A. It cannot be out of line. It is an actual expense. These are the actual figures.

Q. But you see what I am getting at in discussing rates. The cost of loading grain would not be anything like the ratio shown there, would it?—A. I do not know; I do not know the cost of loading grain; I am not a shipping man.

Sir HENRY DRAYTON: All it shows is a general summary. .

The witness retired.

The Committee then adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 4—Wednesday, April 22, 1925.

COUNSEL

Mr. H. J. Symington, appointed to assist the Committee.

Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,
C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Mr. David Young, Chartered Accountant, Partner in the firm of Price,
Waterhouse & Co., Montreal.

Col. William I. Gear, Manager Robert Reford Co., Montreal.

EXHIBITS

Filed by Mr. G. H. Montgomery, K.C.

No. 1. Further names of companies belonging to the North Atlantic Conference.

No. 2. Duplicate copy of exhibit originally filed.

No. 3. Duplicate copy of exhibit originally filed.

No. 4. Further information re Agreement providing for the establishment of the Trans-Atlantic Associated Freight Conference.

No. 5. Included in No. 4.

No. 21. Further names of Conferences to which members of North Atlantic United Kingdom Conference belong.

No. 22. List of boats owned or operated by each line in the North Atlantic Conference showing age, dead weight available for cargo, cubic capacity available for cargo, passenger accommodation. (Printed as appendix to Minutes of Proceedings of to-day.)

No. 36. Specimen copies of bills of lading (filed by Col. W. I. Gear). (Not printed.)

No. 37. Petition of Montreal Corn Exchange Association, dated March 6, 1925. (Not printed.)

No. 38. Petition of the Montreal Board of Trade, dated March 5, 1925. (Not printed.)

No. 39. Petition of the Montreal Dairy Produce Exporters' Association, dated April 15, 1925. (Not printed.)

No. 40. Resolution of Montreal Produce Merchants' Association, dated April 17, 1925. (Not printed.)

No. 41. Resolution of Alberta Live Stock Associations, dated April 16, 1925. (Not printed.)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No. 231,

WEDNESDAY, April 22, 1925.

The Committee met at 2 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present:—Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—14.

Mr. David Young, who was again in attendance, was further examined.

Discussion followed as to procedure in Committee.

The witness continued his evidence.

Further discussion followed as to procedure.

The witness continued his evidence, and retired.

The Chairman suggested that Mr. W. T. Marlow, of the Canadian Pacific Ocean Services be called as a witness.

Sir Henry Drayton moved that Mr. J. P. Doherty, of the Canadian Government Merchant Marine be called as a witness.

The Chairman, after discussion, gave the following ruling:—

“My ruling would be that the Canadian Government Merchant Marine will not be expected before this Committee to put forward voyage accounts except on the same basis as the other lines are going to give their voyage accounts. . . .”

Mr. W. T. Marlow, who had taken the stand, retired without having been sworn.

Col. William I. Gear, who was again in attendance, was further examined and retired.

Discussion followed as to filing of communications received at last meeting, as exhibits.

The Chairman ordered that the communications referred to above be filed as exhibits and numbered, as follows:—

No. 37. Petition of Montreal Corn Exchange Association, dated March 6, 1925.

No. 38. Petition of the Montreal Board of Trade, dated March 5, 1925.

No. 39. Petition of the Montreal Dairy Produce Exporters' Association, dated April 15, 1925.

No. 40. Resolution of Montreal Produce Merchants' Association, dated April 17, 1925.

No. 41. Resolution of Alberta Live Stock Association, dated April 16, 1925.

The following exhibits were filed with the Committee by Mr. G. H. Montgomery, K.C.

No. 1. Further names of Companies belonging to the North Atlantic Conference.

No. 2. Duplicate copy of exhibit already filed.

No. 3. Duplicate copy of exhibit already filed.

No. 4. Further information *re* Agreement providing for the establishment of the Trans-Atlantic Associated Freight Conference.

No. 5. Included in No. 4.

No. 21. Further Conferences to which members of North Atlantic U.K. Conference belong.

No. 22. List of steamers owned or operated by each line in the North Atlantic Conference showing age, dead weight available for cargo, cubic capacity available for cargo, passenger accommodation. This exhibit ordered to be printed as appendix to proceedings of to-day.

The Committee adjourned at 6.10 o'clock p.m. to meet again at 4.00 o'clock p.m. to-morrow, Thursday, April 23, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks to Committee.

EXHIBIT No. 22

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation		
				1st	2nd	3rd
<i>Canadian Pacific Steamships Limited—</i>						
<i>Passenger Steamers—</i>						
Empress of Scotland.....		4,750	242,450	455	464	530
Empress of France.....		3,000	187,149	314	250	832
Montlaurier.....		5,758	274,520		536	750
Montcalm.....	1921	5,400	275,259		545	1,252
Montclair.....	1922	5,500	262,450		545	1,252
Montrose.....	1922	5,250	277,631		545	1,252
Mountroyal.....		4,500	212,427		598	634
Melita.....	1918	5,000	286,637		487	1,378
Minnedosa.....	1918	5,000	272,212		487	1,378
Metagama.....	1915	5,501	252,039		522	1,125
Marburn.....	1900	6,406	292,000		241	829
Marloch.....	1904	5,000	182,003		416	566
Marglen.....		6,000	275,000		304	831
Montreal.....	1906	4,217	192,500		246	830
<i>Freight Steamers—</i>						
Bothwell.....	1909	10,030	471,241			
Bosworth.....	1919	9,769	463,722			
Brandon.....	1917	8,598	466,663			
Brecon.....	1918	7,675	421,566			
Bolingbroke.....	1917	7,202	445,480			
Bawtry.....	1917	8,087	395,836			
Balfour.....	1918	7,558	392,752			
Berwyn.....	1912	6,731	334,855			
Borden.....	1906	6,750	375,363			
Batsford.....	1914	7,771	445,314			
<i>White Star-Dominion Line—</i>						
<i>Passenger Steamers—</i>						
Regina.....	1918	6,200	196,000		603	2,096
Doric.....	1923	6,200	230,600		599	1,672
Megantic.....	1909	5,400	230,000		761	1,194
Canada.....	1896	6,100	228,000		462	889
<i>Freight Steamers—</i>						
Welshman.....	1891	5,200	220,000		850	
Cornishman.....	1891	5,200	220,000		850	
Turcoman.....	1892	6,360	335,000		606	
Oxonian.....	1898	7,600	330,000		308	
Colonian.....	1892	6,600	290,000		904	
Caledonian.....	1906	5,300	245,000		522	
Michigan.....	1898	10,000	490,000		900	

EXHIBIT No. 22—Continued.

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation.

Steamer	Date Built	D. W. Tons	Cubic Capacity
<i>Furness Withy and Manchester Liner Steamers—</i>			
Manchester Regiment.....	1922	11,572	544,190
Manchester Division.....	1918	9,220	427,214
Manchester Brigade.....	1918	9,220	429,256
Manchester Producer.....	1916	10,020	429,039
Manchester Hero.....	1916	9,150	399,551
Manchester Merchant.....	1904	6,982	301,310
Manchester Mariner.....	1904	6,838	303,461
Manchester Port.....	1904	6,906	333,058
Manchester Shipper.....	1900	6,951	271,630
Manchester Importer.....	1899	6,966	379,031
Manchester Corporation.....	1899	7,848	421,636
Dromore.....	1920	6,308	298,535
Galtymore.....	1919	7,450	365,069
Incemore.....	1921	6,308	298,535
Jessmore.....	1921	6,308	298,535
Rexmore.....	1918	8,604	446,100
Quermore.....	1923	5,887	312,250
Wheatmore.....	1917	8,621	440,528
Valemore.....	1918	8,453	424,650
Appomattox.....	1922	5,858	328,750
Bay Street.....	1919	8,295	390,083
Hoosac.....	1918	8,150	411,910
London Corporation.....	1922	9,675	417,751
Rhode Island.....	1918	9,080	463,000
Savannah.....	1918	8,200	402,594
London Exchange.....	1922	9,708	417,751
Norfolk Range.....	1918	8,100	402,200
Comino.....	1918	7,800	377,396
Ariano.....	1918	7,110	399,418
Cornish Point.....	1914	8,200	444,480
		240,788	11,578,911

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation		
				1st	2nd	3rd
<i>Cairn Line—</i>						
<i>Freight—</i>						
Cairncross.....	1921	7,900	512,492			
Cairntorr.....	1922	8,000	492,329			
Cairndhu.....	1919	7,400	399,300			
Cairnvalona.....	1918	7,200	472,860			
Cairngowan.....	1919	7,400	399,300			
Cairnmona.....	1918	6,800	436,187			
Cairnavon.....	1920	8,000	493,869			
Scatwell.....	1911	7,500	426,121			
<i>Cunard Line—</i>						
<i>Passenger—</i>						
Andania.....	1922	8,500				
Antonia.....	1922	6,520	385,000	.....	434	1,214
Ausonia.....	1921	7,670	360,000	.....	436	1,118
Ascania.....	1924	7,000	385,000	.....	412	1,202
Aurania.....	1924	6,500	360,000	.....	412	1,204
Lancastria.....	1922	7,000	395,000	.....	581	1,244
<i>Freight—</i>						
Vardulia.....	1917	8,250	460,000			
Valacia.....	1910	9,400	520,000			
Verbania.....	1918	7,200	380,000			
Vasconia.....	1918	8,100	452,000			
Virgilia.....	1918	7,900	460,000			
Vellavia.....	1918	6,700	392,000			
Verentia.....	1918	6,500	382,000			

EXHIBIT No. 22—Concluded.

STATEMENT showing Names of Vessels Owned by the Undermentioned Lines in the North Atlantic Conference with Particulars as to Age, Deadweight Available for Cargo, Cubic Capacity Available for Cargo, Passenger Accommodation.

Name of Vessel	Age	Deadweight Available for Cargo	Cubic Capacity Available for Cargo	Passenger Accommodation 1st 2nd 3rd		
<i>Anchor Donaldson Line—</i>						
<i>Freight—</i>						
Cabotia.....	1918	8,100	G 399,431 B 373,300			
<i>Passenger—</i>						
Cassandra.....	1906	8,516	G 405,700 B 382,700 Ref 4,600	.....	218	710
Saturnia.....	1910	8,250	G 396,500 B 374,000 Ref 5,200	.....	232	750
Athenia.....	1923	9,940	G 492,130 B 468,050 Ref 16,400	.....	516	974
Letitia.....	1924/5	9,950	G 493,000 B 468,000 Ref 17,000	.....	520	1,000
<i>Head Line—</i>						
<i>Freight—</i>						
Dunaff Head.....	1918	7,300				
Melmore Head.....	1918	7,300				
Carrigan Head.....	1901	5,400				
Fanad Head.....	1917	7,300				
Kenbane Head.....	1919	7,300				
Lord Londonderry.....	1902	7,500				
Lord Downshire.....	1900	6,500				
Lord Antrim.....	1902	5,900				
<i>Canada Steamship Lines Ltd.—</i>						
<i>Freight—</i>						
Grey County.....	1907	6,290				
Porsanger.....	1918	6,525				
Lisgar County.....	1907	3,880				
Brant County.....	1915	6,550				
Essex County.....	1915	7,200				
Welland County.....	1904	6,350				
Cederic.....	1911	5,300				
Hastings County.....	1920	7,215				
<i>Donaldson Line—</i>						
<i>Freight—</i>						
Argalia.....	1918	8,250	G 399,431 B 373,300			
Concordia.....	1917	8,550	G 440,726 B 411,894	541 cattle		
Salacia.....	1912	8,525	G 434,376 B 402,200	542 "		
Parenthia.....	1917	7,800	G 427,076 B 394,710	495 "		
Kastalia.....	1919	7,800	G 384,590 B 356,102	550 "		
Gracia.....	1921	8,775	G 231,647 B 218,647 Ref 136,340	521 "		
Moveria.....	1924/5	7,255	G 438,740 B 405,120 Ref 172,200	591 "		
Tritonia.....	1918	8,250	G 399,431 B 373,300	nil		

G—grain space. B—bale space. Ref—refrigerator space.

MINUTES OF PROCEEDINGS

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

WEDNESDAY, April 22, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said resolution, met to-day at 2.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the meeting will now come to order. Mr. Symington will continue the cross-examination of Mr. David Young, who is a partner of Price Waterhouse & Company, and who prepared certain figures placed before this Committee, and known as Exhibit No. 35.

Mr. SYMINGTON, K.C.: I believe I can be very brief, Mr. Chairman.

DAVID YOUNG recalled.

By Mr. Symington, K.C.:

Q. Mr. Young, Exhibit 35 is a compilation made from figures furnished to you?—A. Partly, and partly from figures ascertained by ourselves.

Q. But I am speaking of you personally?—A. Yes.

Q. Have you any of these figures here from which you made the compilation?—A. I have not the original figures, no.

Q. You have no originals, which you can produce at all?—A. No.

Q. You cannot give us the names of the ships now?—A. Yes, I can do that.

Q. You might give us those?

The CHAIRMAN: Those are the names of ships referred to in exhibit 35? Are they the 31 ships or the 51?

The WITNESS: I can give you both, if you like.

Mr. SYMINGTON, K.C.: Give us those for 1923 first; that will be the 31. Do you want them read into the record?

The CHAIRMAN: They had better be read in.

The WITNESS: I have only got one copy of those.

The CHAIRMAN: All right then, read them into the record.

By Mr. Symington, K.C.:

Q. Before you read them, is the tonnage shown there?—A. No, just the names of the boats. The names of the ships included in the 1923 statement of earnings and expenses are: Bruton, Bosworth, Balfour, Bawtry, Borden, Batsford, Belton, Bothwell, Brandon, Brecon, Bolingbroke, Manchester Producer, Manchester Corporation, Manchester Regiment, Manchester Shipper, Manchester Brigade, Manchester Division, Manchester Hero, Manchester Exchange, Manchester Importer, Manchester Mariner, Manchester Merchant, Manchester Port, Cairnmona, Cairnvalona, Cairndhu, Cairngowan, Scatwell, Cairnross, Cairnavon, Cairntorr.

Q. For 1924?—A. Brecon, Bosworth, Bawtry, Batsford, Bothwell, Brandon, Bolingbroke, Balfour, Dromore, Galtymore, Incemore, Jessmore, Rexmore, Quernmore, Wheatmore, Valemore, Appomattox, Baystate, Hoosac, London Corporation, Rhode Island, Savannah, Ariano, Comino, Cornish Point, Manchester Hero, Manchester Importer, Manchester Mariner, Manchester Merchant,

Manchester Port, Manchester Producer, Manchester Corporation, Manchester Regiment, Manchester Shipper, Manchester Brigade, Manchester Division, London Exchange, Norfolk Range, Cairnmona, Cairnvalona, Cairndhu, Cairngowan, Cairnross, Cairnavon, Cairntorr, Kastalia, Parthenia, Concordia, Gracia, Lakonia, Cabotia; fifty-one boats.

Q. Can you give us the speed of any of these boats?—A. No.

Q. Can you give the coal consumption of any of them?—A. No.

Q. Can you give us between what points the voyages took place?—A. Not off hand. I can get it for you. In a general way there were voyages on the North Atlantic, Canadian route, between continental points, the United Kingdom and Canadian points.

Q. You cannot give us between what ports these boats ran?—A. Not off hand, no.

Q. You cannot give us the crews, the number or the wages?—A. You mean the wages per voyage or per boat?

Q. The wages per boat per voyage?—A. No.

Q. You cannot give us the running days?—You mean by boats?

Q. By boat, yes.—A. I could not give it to you at the present moment. I could work it for you.

Q. Have you the information here?—A. I can give you the days of the voyage by boats during each year but I would have to compile that from information I have. I have not made the information up in that form.

Q. Have you got it here in Ottawa?—A. I think I have, I couldn't be sure. I have my own working papers.

Q. I want to get them produced?—A. I will leave that over and see if I can get it.

Q. Can you give us the running days?—A. Steaming days or in port?

Q. Yes?—A. No.

Q. You cannot give us the days in port loading or days discharging?—A. No, they are all included in the voyage days.

Q. Have you any details here as to how that is made up?—A. How it is made up?

Q. Exhibit 35?—A. I have my rough working papers including this.

Q. Have you any papers of the steamship companies that you can produce?—A. I have no records of the steamship companies.

Q. Now, turning to exhibit 35 for a moment—I went over these figures with Mr. Young, so it will be very short; I desire it to get on the record—On exhibit 35 in 1923 the number of voyages per year was 4.8, is that right? Voyages per ship per year?—A. Yes.

Q. In 1924 the number of voyages per ship per year was 3.9?—A. You are reading figures I checked with you?

Q. Yes.—A. I did not keep a record of them.

Q. In 1923 for the 31 steamers 365 days would be 11,315 days?—A. Yes.

Q. During which each steamer was sailing?—A. Days in the year?

Q. Yes.—A. Yes.

Q. You took account for 9,242?—A. Yes, days of voyages, yes.

Q. There are unaccounted for 2,073 in 1923?—A. Yes.

Q. In 1924 taking 51 steamers 365 days would be 18,615 days?—A. About that.

Q. You took in account in Exhibit 35, 10,496 days?—A. Yes.

Q. There are unaccounted for 8,119 days?—A. On that basis, yes.

Q. Then taking 1923, the average length of the round voyage given by you in Exhibit 35 is 61.60 days?—A. For 1923, yes.

Q. For 1924 the average length of round voyages is 52.25 days?—A. Yes.

Q. In 1923, the average cost of the steamers which you had taken was \$845,483?—A. Yes. That is the figure I checked with you.

[Mr. David Young.]

Q. The average cost for 1924, \$968,360?—A. Yes.

Q. Now I took you over some figures with respect to the coal and I asked you to assume 30 steaming days per voyage.

The CHAIRMAN: What did he say as to that?

Mr. SYMINGTON: He could not say whether that was reasonable or unreasonable.

WITNESS: I could not assume anything like that.

By Mr. Symington:

Q. You are not a shipping man, you are an Accountant? You could not say whether that was too little or too much?—A. No.

Q. I took that because I had advice from two different sources. That was a very liberal allowance?—A. Any assumption like that Mr. Symington would have to be qualified by the route.

Q. I am speaking of the North Atlantic route?—A. The North Atlantic route includes sailings from the United Kingdom to Canada, Baltimore, Boston and Philadelphia.

Q. I am speaking of the Canadian route?—A. The purely Canadian route. This statement includes all of these voyages, not only Canadian.

Q. It does not include North Atlantic voyages that do not touch other ports?—A. No, they may have touched other ports.

Q. You have 150 voyages in 1923?—A. Yes.

Q. And taking 30 running days, that would be 4,500 days actual steaming?—A. Yes, 4,500.

Q. Your charge for coal is \$1,456,216?—A. That is the charge for fuel, yes.

Q. Which for a steaming day would be \$323.60?—A. I assume there were 30 steaming days always.

Q. The evidence is all on that assumption?—A. Yes.

Q. In 1924, taking 30 steaming days, 201 voyages would be 6,030 steaming days—that is correct?—A. I would get that, yes.

Q. Your fuel charge was \$1,920,767?—A. Yes.

Q. Or a steaming day on that basis \$318?—A. It was \$323 before, was it? And \$318 now.

Q. Do you know any boat that would be typical of the ones from which you have taken this statement?—A. They are the actual boats. Could I pick one out from the trade?

Q. Yes.—A. No.

Q. It has been suggested that the Cairns Line would be a line that would typify?—A. That is a question I cannot answer. It would be a matter of construction and engines and speed and capacity.

Q. I ask you to take a boat which burns about 35 tons a day?—A. Coal?

Q. I ask you to take the coal, at a cost of 25 shillings a ton, Mr. Young?—A. Suppose we take it at \$5. I have got out of the way of working in shillings—take \$6.

The CHAIRMAN: \$5 is nearer.

By Mr. Symington:

Q. We worked it out in shillings?—A. The price in Montreal is \$6.95.

Q. The price on the other side according to the figures I have is 25 shillings?—A. We will work in shillings then.

Q. 35 tons at 25 shillings would be 875 shillings, Mr. Young, or roughly speaking, some \$220 odd?—A. Say \$220.

Q. For 1924 if you take 6,030 days at \$220 a day your coal would be \$1,326,600?—A. Yes, on that basis.

Q. You have a charge of \$1,920,000 odd in 1924?—A. That is the amount I have shown as being charged.

[Mr. David Young.]

Q. On your Exhibit 35?—A. It shows the actual expense for coal was that much.

Q. Making a difference of \$594,167?—A. Yes.

Q. Take 6,030 days, steaming days, 4,466 other days which would be spent in port, that would be so—on the assumption of 6,030 running days?—A. Yes.

Mr. MONTGOMERY, K.C.: It is just arithmetic.

Mr. SYMINGTON, K.C.: I want to get it on the record.

Q. Now, Mr. Young, look at Exhibit 35 on the item of expense, 1924, shows a decrease in every item except General and Management Expenses?—A. No, fuel is up. You mean per voyage?

Q. Per voyage?—A. Yes.

Q. As an Accountant does that indicate the operating costs were less in 1924 than 1923?—A. Pardon?

Q. Does that indicate that operating expenses in 1924 were less than in 1923?—A. Well, that is hard to answer in that way. It indicates that the amount shown as the amount of expense, classified, shown as General Management in 1923 is less than the amount similarly classified in 1924.

Q. It is not an answer, I do not think. I am trying to find out what Exhibit 35 will show. Does it show the Operating Costs were less in 1924 than in 1923?—A. Do you mean the total Operating Costs? What are you talking about, the \$41,000 figure?

Q. Naturally 51 boats would cost more to operate than 31?—A. Yes.

Q. But your statement, Exhibit 35, shows per voyage operating expenses were away down, at least lower?—A. I want to find out whether you are talking about the total or general expense.

Q. I am speaking of the statement, what it shows?—A. It shows \$41,609 per voyage in 1924 is less than the amount in 1923.

Q. Then from your statement there was a difference in the costs showing they were less in 1924 than 1923?—A. It would indicate the operating costs per voyage were less in 1924 than 1923.

Q. Does that indicate the operating costs were less?—A. Not necessarily.

Mr. MONTGOMERY, K.C.: Why not ask for an explanation of the cost per diem. There ought to be an explanation of that.

By Mr. Symington, K.C.:

Q. On the other hand the per diem expense was more in 1924 than in 1923 according to your Exhibit?—A. Yes.

The CHAIRMAN: Because the ships were not making the trips apparently.

By Mr. Symington, K.C.:

Q. Can you explain to the Committee how the costs per voyage were less and the costs per diem more in 1924?—A. The costs per voyage in 1924 were less than in 1923 because of the number of days per voyage were less also.

Q. Quite so.—A. The boats were turned around more quickly.

Q. The boats were operated more expeditiously?—A. The ships were operated more expeditiously for some reason or other. I believe one contributing factor to that was the improved loading and discharging facilities at some of the ports of call.

Q. That is what you have been told?—A. I am informed that that is so.

Q. That is one of the things we want from you, these times in port loading and discharging in the two years, and you can realize why we should have it, can you not?—A. I do not think it is necessary, for the purposes of the statement.

Q. Just along that line, in 1923, 31 steamers worked 9,242 days?—A. Yes.

[Mr. David Young.]

Q. So that the average one steamer worked would be 298 days?—A. If you take it that way, yes.

Q. This is an average statement (Exhibit 35) you have told us?—A. No, it is not an average statement at all.

Q. But it is an average of a number of boats?—A. I do not know if the Committee really understand why this statement is presented. It is not presented by me or my firm for the purpose of trying to build up a case for the steamship men at all; it was made up and presented for the purpose of showing to the members of the Committee in as concise and clear a manner as possible, from information available at the time and at our disposal, what the actual results of actual voyages of actual ships in those two years on that particular route had been.

Q. And all ships were thrown into the general statements?—A. All the ships we were able to get.

Q. All right; let us get along and save time. 31 ships in 1923 worked 9,242 days?—A. Yes.

Q. So that the average steamer worked, under this statement 298 days in 1923?—A. On that basis, yes.

Q. And the loss per steamer was \$14,488?—A. Before depreciation?

Q. Yes, before depreciation, merely a straight operating loss.—A. Yes. That is shown here.

Q. And in 1924, 51 steamers worked 10,496 days.—A. Yes. They operated that number of days.

Q. So that one steamer operated 206 days?—A. Yes.

Q. As opposed to 298 days in 1923?—A. Yes.

Q. And that year, operating a less number of days, the net earnings per steamer were \$6,569?—A. That is, dividing \$335,000 by that figure.

Q. So that, looking at your exhibit No. 35, in 1923 a steamer worked 298 days and lost \$14,000 odd, and in 1924 it worked 206 days, or 92 days less, and earned a profit of \$6,569—I am speaking of operating profit?—A. Yes.

Q. Looking at exhibit 35, that difference between a loss of \$449,000 in 1923 and a net earning of \$335,000 profit in 1924 is made up predominantly by a reduction in expense?—A. Well, let us take it in another way.

Q. Can you answer that question?—A. A reduction in expense? As a matter of fact the expenses of operating the boats have been increased; they have gone up. Taking it per voyage, the greatest main contributing factor is that the expenses are down per voyage.

Q. Quite so, and that is what counts, is it not, the earnings and expenses per voyage?—A. The earnings and expenses per voyage and the number of voyages.

Q. So that the difference between \$449,000 loss and \$335,000 profit, according to your exhibit No. 35, is entirely attributable to the number of voyages which the boats made, which reduced their expenses?—A. No. I can hardly say that.

Q. Well, what would you say; we want to get it clear?—A. I might say—it is a hard thing to put it in that kind of language.

Hon. Mr. STEVENS: I would like to understand more clearly, Mr. Symington. I may be reasoning this from a wrong angle. You mentioned the discrepancy between the number of operating days the first year, 298, and then 201 or 200 odd.

Mr. SYMINGTON, K.C.: That is the days the steamer worked. The steamers worked less per voyage in 1924 than 1923, therefore they made it quicker.

Hon. Mr. STEVENS: Can this be made clear, because I want to understand it, if I may. The days they were not being operated are not included in this

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statement. It does not matter whether a steamer worked 60 days or 300 days.

Mr. SYMINGTON, K.C.: But if she is working she is burning coal.

Hon. Mr. STEVENS: A ship may only have made one voyage, occupying say fifty days or sixty-five days, then the 300 days would not appear in this statement.

Mr. SYMINGTON, K.C.: I understand the statement he made was that if a steamer did not lie in port thirty days he counted her off, if over thirty days, he deducted that time.

Hon. Mr. STEVENS: I do not want to interrupt, but I think it is important, and I think we ought to understand upon what basis we are reasoning. If a ship operates on an average 298 days—

Mr. SYMINGTON, K.C.: The average voyage was 54 days.

Hon. Mr. STEVENS: I am giving the total number of days. It does not matter what the ship was doing the other days, and it does not matter whether the voyage was 298 days and the next year 201.

Mr. SYMINGTON, K.C.: If she was working 206 days, she was working and making the same amount of money she did in the 298 days; in the other it makes a very complete and total difference in her operating cost.

Hon. Mr. STEVENS: True enough, but are not these actual voyages and actual costs? We are going so much on assumption that I am getting all at sea.

Mr. SYMINGTON, K.C.: Well, I am almost through. I am going to suggest to the Committee that this means nothing and that we must have the voyage accounts. That is what I am going to suggest when the time comes.

Hon. Mr. STEVENS: It does not convey any definite information to me when you assume 31 steaming days here and something else there. We are all at sea, we cannot base anything on it.

Mr. SYMINGTON, K.C.: If I cannot get the information in any other way, I will have to produce experts to show that that is a very liberal allowance.

Hon. Mr. STEVENS: But you have not contradicted what he says.

Mr. SYMINGTON, K.C.: I am not contradicting anything. I have not asked a word of contradiction about this statement. I could not do so. Mr. Young is a perfectly reliable man.

Hon. Mr. STEVENS: If you do not think it is a reasonable statement, why do you not produce someone who has the actual facts of actual voyages to disprove it?

Mr. SYMINGTON, K.C.: When the time comes I will do that, without any hesitation.

By Mr. Symington, K.C.:

Q. Now, Mr. Young, looking again at Exhibit No. 35, General and Management Expenses per Voyage, would you just let us know what they increased in 1924 over 1923, being the only increase in your Voyage Account? I figure it out at something over 45 per cent, or roughly 45 per cent.—A. The General and Management Expenses increased between 1923 and 1924 by \$828 per voyage, which is—

Hon. Mr. STEVENS: One is six per cent and the other four per cent.

By the Chairman:

Q. An increase of fifty per cent?—A. About 44 or 45 per cent.

Mr. MONTGOMERY, K.C.: What per cent is that to the freight earnings?

The CHAIRMAN: That is another question.

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Mr. SYMINGTON, K.C.: Yes, sir that is another question.

By Mr. Symington, K.C.:

Q. Can you explain or have you anything to say by way of explanation as to the increase in that one thing only; have you any explanation of how that increase arose?—A. Yes.

Q. Let me take all the figures along that line. There is an increase in the General and Management Expenses between these two years of \$258,000 in the aggregate, \$828 in the average per voyage, and \$21.11 in the average per day?—A. As to the increase in the actual amounts, the increase between \$270,000 and \$528,000, there was an actual increase in the expenses in 1924 as compared with 1923, actual expenditures, the main part of which increase was due to the inclusion in 1924 of the voyages of certain lines which were not included in 1923, as I explained yesterday. That was brought about naturally by having a larger number of boats, a larger number of lines operating, it brought the actual amount of expenses up; they had to spend more money. Coming along to the increase in the averages, the average per voyage, and the average per day, I explained that substantially at first, that that same increase in the actual amount of money spent by reason of the additional lines being brought in, also to this, that the number of voyages and the number of voyage days fell off roughly fifty per cent in 1924 as compared with 1923 in the case of one of the lines, and that had the effect of showing an important increase in the averages.

Q. So that when we get the individual line, the answer would be plain?—A. I suppose so.

The CHAIRMAN: Does any member of the Committee desire to ask Mr. Young any questions?

Hon. Mr. STEVENS: I would like to ask one question arising out of the last few questions.

By Hon. Mr. Stevens:

Q. Take the General and Management Expenses; assuming a vessel, on the reasoning we were discussing a moment ago, made one trip of 65 days, we will assume, as Mr. Symington has been doing, and then was laid up, the General and Management Expenses would be for that one trip very much higher, would they not, than if the vessel were running for three or four trips?—A. If those were all the assumptions you mentioned, and if that was the only ship owned by that line, and she only made one voyage of 65 days in the year, she would naturally have the whole Management and General Expenses of the organization charged against that one voyage.

Q. In other words, the General and Management Expenses are more or less a fixed charge, whether a vessel is operating or not?—A. They are more or less a fixed charge, yes. The charge is of a fixed nature; it is not fixed in amount, but the nature of it is fixed.

Mr. SYMINGTON, K.C.: I suppose, Mr. Stevens, it indicates that the boat cannot make any money unless it runs.

Hon. Mr. STEVENS: The insurance would not be carried through beyond a certain amount; there would be a partial rebate coming, but in this there would not be.

By Sir Henry Drayton:

Q. Did you go over the accounts at all of the Canadian Merchant Marine, Mr. Young?—A. No sir.

Q. I have been looking over the concrete evidence of the Canadian Merchant Marine last year, and I notice that the expenses per voyage there as against

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the forty-three here or forty-two range—take Number 15, a freight carrier, \$33,175, another one of \$33,814, running up as high as voyage 13; I have not had time to finish it, but they run as high as \$39,516. Where none of those papers supplied you at all?—A. No sir.

By Mr. Symington, K.C.:

Q. You took your instructions from whom?—A. From the Committee of steamship owners.

Q. Who were in the Conference?—A. I presume so. I don't know.

The CHAIRMAN: Has any other member of the Committee any questions to put to Mr. Young?

By Mr. Duff:

Q. In Exhibit No. 35 you have the voyages of three different lines of ships?—A. Yes.

Q. For instance, you have taken eight steamers from the Cambrian Line, 12 from another line and 11 from another?—A. In 1923, do mean?

Q. Yes.—A. Yes, sir.

Q. Can it be argued that the line might have made money and the other lines have lost money on those voyages?—A. That might be argued.

Q. Why did you not take each line and each ship separately?—A. I explained at the beginning of my evidence yesterday that there is a certain amount of diffidence among the various members of this Conference, that they were rather nervous about having information about their own lines being open to other members of the Conference, and our instructions were to keep all information of any line confidential as between lines.

Q. But it seems to me that the Committee should have evidence to show whether they all lost money, or whether only one, two or three, lost money?—A. I am afraid I could not do that without a breach of confidence to our clients.

Q. In other words, the Exhibit is no good?—A. I cannot agree with you.

Q. I am sorry, but that is the fact.—A. It took a long time to prepare it.

Q. We certainly should know; for instance, there is a loss here and a loss there, and we should know what it means.—A. This statement does not pretend to show the operations of any particular owner or steamship line; it is representative of the operations of an industry.

Mr. SYMINGTON, K. C.: Without the Cunard and White Star.

The WITNESS: Which comprises a very small portion of the industry.

By Mr. Duff:

Q. Do these three steamship lines each pay their loss according to the number of steamers in each line? That is, this \$8,000,000 loss in 1923 and \$4,000,000 in 1924? Who paid that loss?—A. Which loss are you referring to.

Q. I see in 1923 they lost \$8,000,000.—A. No, \$8,000.

Mr. SYMINGTON, K.C.: \$1,000,000 after depreciation.

By Mr. Duff:

Q. Yes, \$1,316,000, and in 1924 \$830,000. Now, did the lines divide that up, or what?—A. No, naturally not. Whoever are the owners of any particular ship that earns a profit, naturally retain that profit. Whoever are the owners of any particular ship that sustains a loss, they have to make good that loss, the same as any other man in business.

Q. Do you expect the shippers of goods to pay the losses of any of these lines because, on account of bad management, or on account of something

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happening during the voyages, these losses were sustained?—A. I do not expect anything like that at all.

Q. Then your statement, as I say again, is not what the committee wants. What we would like to know is whether the steamers on these voyages made losses or profits.—A. The committee did not express any opinion to me of what they wanted.

The CHAIRMAN: Perhaps I might interject a statement to the effect that this Exhibit 35 was not prepared under instructions received from this committee, but under instructions received by Price, Waterhouse & Co., from a committee of steamship men in Montreal.

Mr. MONTGOMERY, K.C.: It is simply a consolidation of the earnings, and the understanding was, when it was put in, that the details of that were to be rendered later. We were discussing some arrangement by which the details would be rendered available for check. The mechanics of the thing we had not settled at the adjournment last night, and I do not know yet whether or not any proceeding has been taken in that direction, but we are working that out, so we will have before you any information you may want.

Mr. DUFF: It seems, then, that we are wasting time in dealing with this Exhibit.

Mr. MONTGOMERY, K. C.: That gives you, as the witness has said, the results of everybody operating in this trade, consolidated, with the exception of two lines, the Cunard and White Star Dominion. They had eleven boats, and, in other words we had sixty, including the Head line which was not grouped in, but for which we had the figures. We have already sixty out of seventy-one.

The WITNESS: Sixty out of seventy-three for 1924.

Mr. DUFF: That is the individual steamers?

Mr. MONTGOMERY, K.C.: Yes, sixty out of seventy-three.

Mr. MONTGOMERY, K. C.: As has been stated, there are reasons why the detailed voyage accounts cannot be made public, and we were just discussing a means by which the committee could get the information desired without any unfairness to the ships, and I hope we will have something worked out on that line shortly.

The CHAIRMAN: As Mr. Montgomery said, we are trying to work out machinery for getting that information before the committee, without disclosing one man's business to a competitor.

Hon. Mr. STEVENS: What I would like to get an idea of, Mr. Chairman, is just what we are driving at; what have we before the committee that we are seeking to unfold?

The CHAIRMAN: I think the steamship companies are seeking to unfold a condition of non-profit production in their industry. At the present moment I think that is what they are trying to unfold.

Hon. Mr. STEVENS: I know that appears in this statement, of course, but what I mean, Mr. Chairman, is this. The committee must have some policy, some objective, something they desire to attain. Now, where are we drifting, what are we driving at?

The CHAIRMAN: We are driving at this: we are taking for granted that there is a certain amount of rate fixing between the liners engaged in the North Atlantic trade.

Hon. Mr. STEVENS: We know that.

The CHAIRMAN: We know that; we took that as a basis for our proceeding. Now, we say to these gentlemen, "that being admitted, we feel it is for you to justify the charges that you are making on the Canadian people for

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transportation services, which you are rendering to them," and the gentlemen, with more or less alacrity—perhaps rather less than more—assumed the burden, placed expert gentlemen of shipping experience and actuarial experts in the box for the purpose of justifying their charges. I see Mr. Montgomery shaking his head in a negative fashion, but that is what I gathered we were doing.

By Mr. Duff:

Q. In making up these statements, did you go over the books of the different lines? How, for instance, did you arrive at the cost of port charges; how did you get that?—A. I explained yesterday how we had built up this statement. These various items are the actual expenses of these natures, which are shown by the records of the individual companies owning these boats.

Q. You just took the figures supplied you by the different lines?—A. After satisfactorily satisfying myself that they were correct.

Q. How did you do that?—A. In some cases by actually auditing or examining the voyage accounts; in other cases by having our London office make an audit of the voyage accounts.

Q. How long did your people take in getting this information?—A. I think we started that about a month ago, was it not, Mr. Montgomery? About a month ago, I think.

Q. It would be pretty hard to get all this information and go over all these accounts for two years, in a month?—A. Yes.

Q. I think you will admit that all you did was take the figures supplied you by the different companies?—A. No, I will not admit that. I took the figures that were supplied by the—the figures are naturally those supplied by the individual companies, but I did not take them with my eyes shut.

Q. But you did not take them in the way a regular audit is conducted? Did you go into every individual voyage and every individual steamer and get these results, or did you take the figures supplied by the different companies?—A. The figures supplied by the companies, substantiated by actual auditing, in some cases by our own firm, in some cases by firms of Chartered Accountants of international reputation in Glasgow, and in other cases by myself. I am perfectly willing to subscribe to that statement, as I said yesterday.

Q. That is actual earnings and actual expenses?—A. Yes.

Q. The actual freight earnings and the actual operating expenses?—A. In respect of these voyages, yes.

Q. How did you figure up your items for profit or loss before making provision for lay-ups? How did you make that up?—A. By taking \$6,360,000 of earnings, from \$6,809,000 of expenses, we arrived at a figure of a loss of \$449,000. It is just an arithmetical deduction.

Q. That depreciation of \$860,000; how did you make that up?—A. It is in the records yesterday.

The CHAIRMAN: Mr. Duff was not here yesterday. You might go ahead and explain.

The WITNESS The depreciation shown on this statement is calculated at the rate of four per cent per annum on the original cost of each steamer, calculated for the actual number of days in each voyage, the days operated in each voyage. In other words, if a steamer was operated for 200 days in one year, she was charged with 200/365ths of one year's depreciation at four per cent of the original cost. We took that basis of four per cent of the original cost, because that is the basis adopted by the British Inland Revenue, in their income tax department in London, in connection with steamship companies.

Q. And that totalled \$866,000?—A. For 1923, yes.

[Mr. David Young.]

Q. What about the expenses, wages and port charges, for instance, during the lay-up days, when the steamers are laying in port, and which are not included in the voyages?—A. Any expenses for any lay-up of over one month are not in this statement at all. That is what I say, that is before providing for these expenses.

Q. Should that not be in? A. It would merely increase the loss.

Q. We want the exact loss or profit, as the case may be. It is not a correct statement, then, of the actual loss or profit made during the year, is it?—A. It is a correct statement up to that point; it is what it says.

Q. You do not include any expenses for over thirty days lay-up?—A. We do not say that; we say we have left them out.

Q. But you should include them, the Captain and the officers are being paid, and the engineers; should that not be included in their total expenses?—A. It might be included, but I do not think the statement is spoiled by its exclusion.

Q. Not when you show a loss, no; it makes your loss less to leave it out.—A. I did not quite get that.

Q. Then it does not show your actual loss, if you have left out all the expenses after thirty days. If a ship was laid up 45 days it means that 15 days' loss was not included in this item of \$1,600,000?—A. The largest part of expenses during the lay-up period is depreciation.

Q. Not at all. It does not depreciate very much when it is laid up?—A. I am told by ship-owners that it does depreciate when it is laid up. Of course, I am not an expert shipowner.

Mr. DUFF: It seems to me you miss something here that is very vital here to this whole statement.

The CHAIRMAN: What is your opinion of Mr. Duff's observation?

The WITNESS: That the lay-up expense is not included?

By Mr. Duff:

Q. Yes?—A. I don't think it makes any material difference in the value of this statement at all.

Q. But it does not show the actual state of affairs?—A. These figures show exactly what they are represented to be, and they are described very minutely by "Profit or Loss Before Charging Depreciation and Making Provision for Extended Lay-ups."

Mr. DUFF: But if the lay-up is more than 30 days—

Mr. MONTGOMERY, K.C.: The lay-up extended over 30 days.

The CHAIRMAN: That is what Mr. Duff says.

Mr. DUFF: It is not a correct and definite statement of the actual earnings.

Mr. MONTGOMERY, K.C.: It is correct for what it shows.

Mr. DUFF: It may not show anything. It may as well be a blank sheet of paper. It does not show the operating expenses for the whole year.

Mr. MONTGOMERY, K.C.: It is correct for what it shows. He is careful to point that out in both notes. You will find a similar note down below, which calls your attention to that.

Mr. DUFF: I do not think you should object to what I am trying to get from the witness.

Mr. MONTGOMERY, K.C.: No, I think you are right.

The CHAIRMAN: Does anybody else wish to address the Chair?

[Mr. David Young.]

By Mr. Montgomery, K.C.:

Q. I am instructed and I might say that you are at liberty to state, Mr. Young, that every line made a loss in 1923. You are at liberty to answer that question.—A. I have my papers kind of mixed up. I will find that in a minute. For 1923?

Q. Yes.—A. For 1923 each of the three lines embodied in this statement, Exhibit 35, operating thirty-one boats, made losses before charging depreciation.

Q. Of course made bigger losses after depreciation? Whether before or after, they made losses?—A. Yes.

By the Chairman:

Q. What about 1924?

By Mr. Montgomery, K.C.:

Q. In 1924, the Chairman asks.

By Mr. Rinfret:

Q. May I ask on what the witness relies for that statement?—A. On the same information that I made the statement, Exhibit 35, from and substantiated by myself and my firm.

By Mr. Montgomery, K.C.:

Q. It was just to clear up the one point. The amount of the losses would vary as between companies?—A. Yes, they are not constant.

Q. And in 1924?—A. In 1924 we had more groups. One company—

Q. Is there any single company that made a profit after depreciation?—A. After charging depreciation, no.

Q. Before charging depreciation?—A. Before charging depreciation one of the companies showed a loss, the others showed profits.

Q. Small profits. That is only in the general result as you have it here in Exhibit 35.—A. These figures are the ones I am mentioning now.

Q. The individual lines worked out in accordance with the general lines as shown here?—A. Yes.

Q. You were asked the question, to make a number of assumptions such as voyages per year, twenty-three in one year being 4.8.

Mr. SYMINGTON, K.C.: Those were not assumptions.

Mr. MONTGOMERY, K.C.: Yes, they are.

By Mr. Montgomery, K.C.:

Q. Do those several assumptions you were asked to make mean anything in connection with the figures?—A. They are purely arithmetical calculations.

Mr. SYMINGTON, K.C.: But not arithmetical assumptions.

Mr. DUFF: That bears out what I said.

By Mr. Duff:

Q. Mr. Young, are these three lines freight lines or freight and passenger?—A. 1923?

Q. Both.—A. Every boat taken into consideration in this statement is a cargo boat.

Q. A cargo liner?—A. A cargo liner.

Q. Not a passenger?—A. Not a tramp either.

Q. Any passenger? They are sort of mixed.—A. Cargo boat. There are no passenger boat's figures reflected here at all.

Q. General cargo boats?—A. Yes.

[Mr. David Young.]

Q. Why did you not make up a statement for the passenger loss, the passenger and cargo?—A. I did not think it was required.

Q. That is what we asked you for?—A. You did not ask me for anything. One reason why a similar statement was not made up for passenger steamers was that in the first place, take 1923, all the passenger steamers which we could have included belonged to one particular line. For 1924, that was practically the same case, but with the exception of about three or four additional passenger steamers. The main difficulty in presenting a statement like that would be that the earnings would consist of so much from passenger revenue and so much from freight revenue and the expenses would be combined, the expense of operating that voyage. It would be impossible to show how much of the expense belonged against freight revenue and how much expense against passenger revenue and therefore, any conclusion shown by such a statement would not be conclusive. It would be difficult to apportion the loss, whether it was attributable to passenger or freight or partly to one or the other.

Q. That applies to this statement?—A. No, this statement is cargo.

Q. In the general management expense I presume that these lines had passenger boats as well as cargo boats?—A. Some of them have.

Q. How do you arrive at the amount?—A. In the case of the amounts, the amount charged to the cargo, for the freight service, is very small, compared to the amount charged for the passenger service, for general management. In a line I have in mind 10 per cent of General expense is apportioned Cargo Boats.

Q. Did you make this statement or did the book-keepers or auditors?—A. Made, I think, by the book-keepers or accountants of the line and verified by us.

Q. That is, \$270,000 is only a proportion?—A. Part of that \$270,000 belonged to this particular line. It is part of the general expenses of the particular line and a small part of the amount shown as general expense in this statement and that amount is an amount fairly chargeable against the operations of freight boats alone.

Mr. MONTGOMERY, K.C.: I would like to let the Committee know we are anxious to give them all the information we can get and also put it at the disposition of my friend.

Hon. Mr. SINCLAIR: It seems there is only one way to arrive at anything and that is to get definite information from the different lines.

Mr. MONTGOMERY, K.C.: We have some information to put in, one or two things that were left out of the Questionnaire in the first instance.

The CHAIRMAN: Should we discharge Mr. Young?

Hon. Mr. SINCLAIR: He can always come back from Montreal.

(Witness retires.)

The CHAIRMAN: You have some other exhibits to put in, Mr. Montgomery?

Hon. Mr. SINCLAIR: Do the steamship companies object to giving information?

The CHAIRMAN: Except in camera. They do not want to give it in public.

Mr. MONTGOMERY, K.C.: As regards questions 1, 2 and 3, names of the companies, names of officers and names of their representatives in Canada, I can now substitute an exhibit which is complete as to all the information. There were one or two missing at the time we filed the first one.

As to questions 4 and 5 I informed my learned friend my instructions were there was no such an agreement and there were no written rules or regulations and that at the time all these various agreements were filed in Washington and

[Mr. David Young.]

they are all to be found on record there. A statement was filed in lieu of the agreements, and I promised to procure and put in a copy of the actual statement that was filed at Washington. I now have it and produce it.

As to 14 and 15 which is correspondence, I do not know whether my friend wishes to put that in to the record holus bolus. There is a tremendous amount. I think we could probably go over it and agree on anything that should go in. I have the correspondence here and you can go over it.

Sir HENRY DRAYTON: Correspondence about what?

Mr. MONTGOMERY, K.C.: Question 14 called for correspondence between Canadian members and 15 called for correspondence and telegrams—

Sir HENRY DRAYTON: I think that had better stand for action between you and Mr. Symington.

Mr. MONTGOMERY, K.C.: My friend asked for the names of any other conferences to which any member of any North American conference belonged. We have that compiled for him.

22—list of boats operated, and so on, with the agents, which I file with the exception of the write-offs from the original cost which will be taken off later on. It gives you all the information you are asking for and the year when filed, and so on.

Mr. SYMINGTON, K. C.: Question 22 is complete except with respect to original cost, depreciation and present value.

Mr. MONTGOMERY, K.C.: I think that covers pretty nearly everything.

The CHAIRMAN: Mr. Symington, the Honourable Mr. Sinclair asks me whether the list of boats owned or operated by each of the conferences was dead weight available for carrying and whether it should not be published. We would not want to have it read. But he is inquiring as to whether it should not be put in as an exhibit.

Mr. SYMINGTON, K.C.: Read into the record?

The CHAIRMAN: Yes.

Mr. SYMINGTON, K.C.: It is put in as an exhibit.

Hon. Mr. STEVENS: Why not put it all in?

The CHAIRMAN: I would like to have Counsel's views. What is your feeling, Mr. Sinclair?

Hon Mr. SINCLAIR: Do you think that is useful?

Mr. SYMINGTON, K. C.: I have not considered it.

The CHAIRMAN: I will order that printed.

EXHIBIT No. 22: List of Boats, etc., printed as appendix

The CHAIRMAN: Now gentlemen has everything been produced?

Mr. SYMINGTON, K. C.: That is all my friend says he has.

Mr. MONTGOMERY, K. C.: I think that is all that is called for.

The CHAIRMAN: How can we usefully proceed? Mr. Montgomery, have we a witness we can proceed with now?

Mr. MONTGOMERY, K.C.: I think this is about as far as we can go, Mr. Chairman. We have been asked to file all this information, and we have done our best to comply with it. At your request we produced Mr. Cleminson, and I am quite at a loss to know what further we can do.

Mr. SYMINGTON, K.C.: I can quite easily suggest to my learned friend what he can do. He has Mr. Marlow, and he has other people here who know of the workings of this Conference; he can go to work and tell the committee exactly what the Conference does and how it does it.

Mr. MONTGOMERY, K.C.: Well, you have Mr. Doherty here.

Mr. RINFRET: I understood several times during the evidence of Mr. Young that people would come up here and answer questions he could not answer.

Mr. MONTGOMERY, K.C.: On anything in particular, Mr. Rinfret?

Mr. RINFRET: I thought so.

The CHAIRMAN: Mr. Symington, did you make any note of certain matters which Mr. Young did not think himself quite competent to give evidence upon?

Mr. SYMINGTON: Yes, Mr. Chairman; he said that certain representatives were here from England who had furnished him with this material or would furnish it.

Mr. MONTGOMERY, K.C.: That material will be given access to, I hope, and that of course will speak better than anything else can. The figures will be right there, and you will have them.

The CHAIRMAN: What do you think if we should take Mr. Marlow, of the C.P.R., and ask him how it works out in Montreal?

By Mr. Duff:

Q. Mr. Young, how did you make up this amount for depreciation of so much per ton per ship; how did you figure it out at the time?—A. The amount of \$866,000 shown as depreciation in the year 1923 is calculated at the rate of four per cent per annum on the original cost of each steamer, for the number of days operated.

Q. How did you check up that original cost?—A. The original cost is a matter of record.

Q. I beg your pardon.—A. It is a matter of record.

Q. But how is the cost figured, how much per ton?—A. It is not figured on per ton, it is the actual cost of building the steamers.

Q. I want to try and get at how you calculated it. There are 31 steamers in 1923, and there is a depreciation of \$866,000; what is that per ton?—A. I don't know.

Q. I mean for those 31 steamers?—A. I don't know how much that is per ton.

Q. You do not know that?—A. No, sir, the depreciation is not calculable per ton.

Q. Why not?—A. Because it is an actual charge based on the cost of the assets.

Q. Precisely, but is not the cost based on the tonnage of each ship?—A. I don't know; I never bought a ship.

Q. But you are giving us figures in regard to ships, and as an auditor you should have that information?—A. The figures are there for the cost of the ships; it is the total of the various amounts paid for each of these 31 ships.

Q. I admit that, but what I am trying to find out is whether four per cent is at \$250 a ton or \$50 a ton?—A. No, it is four per cent of the actual cost.

Q. What I am trying to arrive at is, how much these ships would average per ton?—A. I could not say.

Q. We ought to have that information, because this statement is not sufficient for our purposes; it should be shown how that amount of \$866,000 is made up at four per cent?—A. It is made up at four per cent on the cost; that amount is not based on tonnage at all. It may have some relation to tonnage, but I do not know just what the relation would be.

Q. What I would like to know is, how much are these ships put on the books as to value, because you arrive at that four per cent depreciation on value?—A. We had the cost per ship, not the value per ton.

The CHAIRMAN: It would be a question of arithmetic but outside of what the depreciation would be over, you had the cost of the ship at so much per ton, if you buy a 1,000-ton ship and pay \$1,000,000 or \$100,000 for it, you

[Mr. David Young.]

divide the tonnage into the price and get the price per ton?—A. That is what gives you the price per ton; whatever price per ton you are using; if it is dead-weight ton, it would give you the cost in per deadweight tons of that particular boat.

By Mr. Duff:

Q. What I am trying to find out is, whether this depreciation is excessive or otherwise, according to the value per ton of these ships?—A. I have told you how it is made up.

Mr. SYMINGTON, K.C.: We will have to get the tonnage of everything, I suppose?

Mr. DUFF: Absolutely.

Mr. SYMINGTON, K.C.: Some may have been retired at 25 years old and have no depreciation.

By Sir Eugene Fiset:

Q. You have not that information yet?—A. No sir.

Sir HENRY DRAYTON: You gave a direction, Mr. Chairman last time we met, that the officials of the Canadian Merchant Marine were to be here. Mr. Doherty is here, and I want to call him in connection with matters that are already worked out and are ready for this Committee, and I move that he be called as a witness.

The CHAIRMAN: I asked that Mr. Marlow should be the next witness, and Sir Henry Drayton moves that Mr. Doherty be the next witness. I do not know whether I should put it to the Committee whether they shall follow my desires or the desires of Sir Henry Drayton.....

Sir HENRY DRAYTON: Before giving way, I would like to have some chance of knowing whether we are going to get down to brass tacks by calling Mr. Doherty.

The CHAIRMAN: It is quite proper and fitting that the Canadian Government Merchant Marine's Voyage Accounts should be produced before this Committee.

Sir HENRY DRAYTON: I am not even asking for that, Mr. Chairman. I am taking the public figures which they thought they could make public without injury to their business. Sir Henry Thornton is always careful and properly so, not to give details which will injure his business. But here we have the definite figures without the Voyage Accounts, and I am assuming that they are telling the truth and that they are already published.

Hon. Mr. STEVENS: They are already published.

The CHAIRMAN: They are published, and we have them in the record of the findings of the Select Committee on Railways and Shipping.

Sir HENRY DRAYTON: If the Committee is content to take that, I am satisfied.

The CHAIRMAN: I am willing that Mr. Doherty should be examined on these figures. I think the other Committee is meeting to-morrow also, and if Sir Henry and the Committee desire, I will ask Mr. Doherty to be in attendance before us to-morrow.

Mr. SYMINGTON, K.C.: The Secretary, under instructions, wrote last night for certain Voyage Accounts, as I understood the instructions of the Committee.

The CHAIRMAN: That is quite right.

Mr. SYMINGTON, K.C.: They did not get the letter, as they were in the Railway Committee this morning. I saw them at noon, and I understood that they were going back to Montreal because of that letter, in order to prepare the information which was asked for.

[Mr. David Young.]

Sir HENRY DRAYTON: I did not hear the letter read, or hear it dictated.

Mr. SYMINGTON, K.C.: And I did not hear it.

Sir HENRY DRAYTON: Probably the Committee has its drawbacks; but we have Counsel here representing the Government. I take this position, Mr. Chairman. Mr. Symington is here representing the Government; he said so himself. I do not want to do anything in the world which is going to expose the Canadian Merchant Marine to giving particulars of their business which might in the slightest degree hurt them from a competitive standpoint; all I want to do is to discuss with them and ascertain, if I can, the truth of the figures which have already been made public, and I should have thought that was a reasonable and a proper thing to do.

The CHAIRMAN: I think it is, and I am going to ask them to be here for the purpose of being examined on these accounts which have already been produced.

Sir HENRY DRAYTON: I do not want to have it said that I demanded something from the Canadian Merchant Marine or the Government Counsel or anybody else which would not be fair from a competitive standpoint.

The CHAIRMAN: My ruling would be that the Canadian Government Merchant Marine will not be expected before this Committee to put forward Voyage Accounts except on the same basis as the other lines are going to give their Voyage Accounts, and with your permission, Sir Henry, we will proceed with the examination of Mr. Marlow.

Mr. MONTGOMERY, K.C.: If it is equally convenient to the Committee, if it is Conference stuff you want to take up, I thought perhaps you had had enough of the general material. Col. Gear is the witness who was prepared to answer that, and if you do not call Mr. Cleminson, I would suggest if you wish, that Col. Gear be called now.

The CHAIRMAN: We want to find out just how this organization works.

Mr. MONTGOMERY, K.C.: We have Col. Gear, the senior member from the beginning, who was there long before Mr. Marlow.

The CHAIRMAN: All right, Mr. Marlow will give place to Col. Gear.

Col. WILLIAM I. GEAR, recalled.

The CHAIRMAN: Col. Gear, you will be examined on the oath you have already taken; you may sit down or stand up, just as you please.

By Mr. Atwater:

Q. Col. Gear, you have been already sworn?—A. Yes.

Q. Will you explain to the Committee your connection with the Shipping Federation or firms, and with any Conference that exists between the steamship people. You might state first your connection with the shipping industry.—A. Will I read this document?

Q. No, not now. I want your qualifications to speak; first of all, what is your position in the shipping world? Apparently you have a good deal of authority and knowledge in connection with that.—A. I am Vice-President of the Robert Reford Company, Limited, agents for the Cunard Line, the Anchor-Donaldson Line, the Donaldson Line, the Thompson Line, also the Cairn Line of Steamships, Limited, commonly known as the Cairn Line.

Q. How long have you been connected with the shipping business, Colonel Gear?—A. Oh, about fifty years.

Q. Have you knowledge of the existence of any conference between the steamship lines operating particularly in the North Atlantic?—A. Yes, connected with the North Atlantic freight conference and also the passenger conference.

[Col. William I. Gear.]

Q. Now, speaking with regard to the North Atlantic freight conference, can you give us any information about that?—A. This freight conference—

Q. Have you any statement to that effect? Will you just let the committee have it?—A. —was formed in 1902. Prior to 1900 we had been having a rate war, and it was considered advisable by shippers as well as the steamship companies, that it would be better if we had some stability in rates. I was personally appealed to by some of the shippers to quote rates which would be firm for a period, instead of having the continual fluctuations that took place from day to day, and which was more or less a nuisance to them in making their various quotations.

Q. Would you emphasize that date again, Colonel, please?—A. Prior to the year 1900.

Q. Did you say you were appealed to by the shippers?—A. By some shippers, to give—

Q. That is the exporters, the people using your lines? Yes, go on.—A. This war of rates was so keen that many of the lines that came to Montreal were either absorbed by stronger combinations or some of them gave up the ghost altogether, while others left the trade, gave it up. I do not mention the lines; they must be very prominent in your minds.

Q. What lines were those, Colonel?—A. The old Canada Shipping Company, the Beaver Line.

By the Chairman:

Q. These are the ones that were absorbed?—A. Yes, sir. The old Beaver Line was absorbed by Elder-Dempster, and they later by the Canadian Pacific Railway. The Ross and the Temperley Lines, I suppose you might say, failed in the trade.

Q. The Ross Line and what else?—A. The Temperley Line.

By Mr. Atwater, K.C.:

Q. That is, they did not succeed?—A. They did not succeed.

Q. About what period was that?—A. I have not the dates.

Q. Prior to about what time?—A. Prior to 1900.

Q. All right, go on.—A. We have the Dominion Line joined up with the White Star, and we have of course the Allan Line that was taken over by the Canadian Pacific, and we had other lines that left the St. Lawrence altogether, such as the Johnston Line, the Crown Line, the Direct Line, and others.

By the Chairman:

Q. May I just interject this question? These lines, the Beaver Line, the Elder-Dempster Line, were finally absorbed by the C.P.R.; the Dominion went in with the White Star; did the ships leave the trade or did the ownership or its association merely change?—A. The association changed.

Q. The ships stayed on in the trade?—A. Most of them.

By Sir Henry Drayton:

Q. At that point, which were the ships which went out of the trade?—A. Vessels belonging to the Ross Line left the trade; steamers in the Temperley Line left the trade; the Johnston Line left the trade, and so on.

By the Chairman:

Q. Was that some time before 1900?—A. Just shortly before 1900.

By Mr. Atwater, K.C.:

Q. Will you go on, Colonel, please?—A. The trading conditions and the cost of operation—

[Col. William I. Gear.]

The CHAIRMAN: You will forgive me interrupting, Mr. Atwater, but I took note; some were absorbed, we have those; some left the trade, we have those; some gave up the ghost, we have not those.

The WITNESS: The Ross Line and the Temperley Line gave up the ghost.

The CHAIRMAN: "Left the trade" and "gave up the ghost" are synonymous shipping terms, then, are they?

Sir HENRY DRAYTON: No, some of them just stopped the St. Lawrence route.

The WITNESS: After a more than ordinary period of unsettled conditions, and with the view of meeting the exporter, firm rates were agreed to on some commodities, and on these particular lines peace for a time prevailed. This was so satisfactory to all concerned that a more extended list was added, in consultation with representatives from New York and other U.S. ports, but it was not until March, 1902, that the North Atlantic Freight Conference was formed, and extended in 1904. This is an association of all lines, including the United States Shipping Board, trading regularly between the North American and United Kingdom ports. The object of this association is to discuss rates and other matters from time to time, and to make such alterations in the freight tariff as may be required by existing conditions. The lines may meet at any port at which there is a conference member, but as a matter of mutual convenience and because it is the most central location, meetings are usually, though not always, held in New York and Montreal. The rates as agreed upon are made effective for a certain period, subject to individual notice of change.

The CHAIRMAN: Mr. Atwater, would you mind if I interjected a question here and there?

Mr. ATWATER, K.C.: Not at all.

By the Chairman:

Q. About how often do they meet at these meeting places in New York and Montreal?—A. They meet once a month.

Q. Is it Tuesday that they meet?—A. Is it Tuesday or Wednesday? The first Wednesday of every month, I think.

Mr. SYMINGTON, K.C.: Those are the regular meetings. There are some special meetings, are there not?

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: You have them all; you have our complete minutes.

Mr. SYMINGTON, K.C.: I have not read them all through yet, but there seems to have been lots of special meetings.

By the Chairman:

Q. Colonel Gear, one of the objects of these meetings is to fix rates. Do you confer with the shippers at all before you fix the rates?—A. Sometimes we do.

Q. Out of ten meetings for rate fixing purposes, at how many of these as a rule would you invite shippers to assist?—A. At none of the regular meetings.

Q. At none of the regular meetings?—A. No. We meet them frequently at our local localities.

By Mr. Symington, K.C.:

Q. As a liner committee or as individuals?—A. Liner committees meet them.

Q. Because, from the minutes which I have seen, they were instructed that that was a matter for each line to take up. That is, that the shipper was to take it up with each line.—A. Naturally the outside committees would not

[Col. William I. Gear.]

want to go down to New York, so it is the port committees which meet the shippers, as occasion may require.

Q. Is there any reference to that in your liner committee meetings?—A. No sir.

By the Chairman:

Q. How often do you meet, say in a year, in Montreal?—A. At least once, sometimes twice. At least once.

By Mr. Duff:

Q. How do you arrive at the rates, Colonel; how do you proceed to fix them, and decide whether to lower or raise them?—A. We take the matter into consideration and finally adjust them to the best of our ability.

Q. Can you give us some details as to how you arrive at them?—A. Not more than that.

By the Chairman:

Q. Colonel, what mental processes do you go through in arriving at the idea, say, that the rates should be raised?—A. If you will allow me to go on—.

Q. If you do not mind, sir; I asked permission of your counsel to interject a question, and perhaps you will try to answer me.

SIR HENRY DRAYTON: If it is there in writing, perhaps we will get it in a shorter form.

MR. ATWATER, K.C.: When you asked permission, sir, to interject a question, I, of course, had not the slightest objection to your doing so, but this has really developed into a sort of cross-examination of the witness before he has had time to develop his evidence.

THE CHAIRMAN: Very well; I will therefore not take any undue advantage.

MR. ATWATER, K.C.: I would very respectfully submit that he be allowed to continue, and then I am sure he will be very glad to answer questions afterwards. I think that is the logical way and one which will probably save your time. I have not the least objection to any questions you may wish to ask.

THE WITNESS: The rates as agreed upon are made effective for a certain period—.

By Mr. Atwater, K.C.:

Q. If you would rather sit down, the statement is somewhat lengthy, and I am sure no one would mind?—A. I think the committee will hear me better if I stand up. The rates as agreed upon are made effective for a certain period, subject to individual notice of change. One of the objects of the conference is to prevent a new rate being quoted by a line without all lines being aware of it, and having the opportunity of making the same rate to their clients. Any fair-minded man will see that without this provision the lines in the trade have no protection against the absolute demoralization of rates that we had periodically, prior to 1902, with consequent reduction in service, and probably elimination of all but the strongest lines. The conference as at present constituted is formed by lines who have joined of their own free will and can always withdraw by serving two weeks' notice, if such action should be considered necessary.

The Conference has no control whatsoever over the sailings of any line; each line can add to or reduce its sailings without even notifying the Conference, each giving the services it considers necessary to meet its particular trade and the demands of its clients.

A remark has been made by a speaker in the House to the effect that:

"One of the operations of the combine is that if any Line withdraws from it, it will immediately attempt to undertake to put that Line completely out of business".

[Col. William I. Gear.]

I do not know where he got those impressions. As stated, the members of the Conference have joined of their own free will, they can leave whenever they wish, and I do not know of any instance, where, because a Line left the Conference, it was subject to a killing competition. The Conference is in no measure a combine, as is generally understood by the word. At no time have the Lines used the Conference to force unreasonable rates up beyond a paying level, or undertaken to pay rebates for support, or in any way bid for business, except by service and by it alone. The Lines realizing that their stability in the trade was to encourage shipments of products to the greatest possible extent, they felt and still feel, that to have strangled any trade by going to such an extreme, would only have prevented the development of their mutual interests. The object in the members' minds was to weigh fully the question submitted to them and whenever possible meet the exporters as far as could be done in justice to the steamers' interests, and we intend to show by our trading results, war years excluded, on account of vessels being under Government control, that the steamers earnings were never excessive. It may be stated here that the United Kingdom Conference does not directly or indirectly or in any way interfere with the making of Eastbound rates by the North Atlantic Freight Conference, the rates being made to equitably permit steamers to pay expenses and the manufacturer or producer to export. Furthermore in the list of Eastbound rates promulgated by the North Atlantic Conference, no rate or agreement is made in respect to grain, flour or cattle, these rates being absolutely open.

Mr. SYMINGTON, K.C.: That is important, if true.

Mr. ATWATER, K.C.: It is absolutely true.

The WITNESS: The advantages which accrue to Canadian exporters through the operation of the Conference system may be summarized as follows:

(1) Regularity of service resulting in the following advantages:—

(a) Opportunities for shipping are increased.

(b) Fixed dates of sailing at regular intervals enabling shippers to work with smaller stocks than they otherwise could, thus reducing risks as well as storage and interest charges.

(c) Make unnecessary the engaging of cargo space considerably in advance.

(d) Merchants are enabled to make forward contracts for delivery of goods at a definite date.

(2) Greater security given to capital invested in the steamship business:

Because of this greater security shipowners are enabled to supply an adequate number of vessels of a higher class and of greater speed and provided with every modern facility for the development of the trade. To many merchants, the adaptability of the service to the requirements of trade is highly essential because of the nature of their exports and imports, the following advantages are to be gained under this heading—

Mr. ATWATER, K.C.: Colonel Gear, you might enumerate for the sake of the convenience and reference of the Committee and ourselves, if you will, the headings as "A," "B," "C," "D" and "E," of your sub-headings, so they will not read along in solid type, but be easier to follow.

The CHAIRMAN: Mr. Atwater, my attention has been drawn by one of the members of the Committee to the fact that what the Colonel is now placing before us is very much a repetition of the reply of the steamship lines. I was wondering whether our time is usefully employed in having the Colonel read to us what is already before us in printed form.

Mr. ATWATER, K.C.: Some of it is the same, I admit, Mr. Chairman. That has occurred to me. As I understand it, when this reply was introduced in the House—as far as we could follow from the debates which took place in the House—it was very generally criticized. There were a great many members and others who were attacking it, and questioning some of the statements in it. Now, the Colonel's evidence, which he is giving here, is that of a man very competent to speak, being thoroughly aware of all the facts, and he is giving his statement under oath as his personal evidence and is proving what was contained in this pamphlet, which was the reply of the steamship companies. He is putting the facts into evidence, and is swearing to those facts, some of which were mentioned in this reply, and I would wish that his evidence should appear in the form of a deposition, and be spread upon the record in that way. Otherwise, this reply of the steamship companies was nothing but an unofficial reply, in a way, and even its authenticity was questioned. It was, in fact, brought up that it was never signed by any of the companies; I think it was the Prime Minister who said it was never signed.

Mr. SYMINGTON, K.C.: Is the Colonel the author of that statement?

Mr. ATWATER, K.C.: No, he is not the author.

Mr. SYMINGTON, K.C.: It is full of opinions and quotations.

Mr. ATWATER, K.C.: If it is full of opinions, that is a matter that can be appreciated, but so far as the facts, to which he is speaking, are concerned, he is prepared to swear to them, which makes them true.

The CHAIRMAN: It would be much more interesting. Mr. Atwater, if you were to question the witness and bring out the facts you wish him to bring out by *vive voce* methods. It is more interesting than to listen to a prepared statement, no matter how ably it may be written. The spoken word is much stronger and more interesting than the written.

Mr. ATWATER, K.C.: If I thought I could add anything to the readability—if I may use the word of the deposition, by interjecting a question here and there, I would do so, but this statement, as prepared by the Colonel, is very full and complete and I thought it was unnecessary to burden the record with unnecessary questions. Still, I shall be most happy to lead him as far as may be necessary, if you wish me to do so.

The CHAIRMAN: It really would be more satisfactory, I think, if you did.

Sir HENRY DRAYTON: Are we not really more concerned with that than with anything else, which would be the more brief way. If the witness can go along quickly, let him get along.

Mr. ATWATER, K.C.: I think the briefest way would be to allow the witness to continue his statement as already prepared, and which contains a lot of the information you asked for.

The CHAIRMAN: If it is the desire of the committee that the reading should go on, let it go on.

Mr. SYMINGTON, K.C.: May I ask whether this is the Colonel's own composition or whether it was prepared for him by somebody else?

Mr. ATWATER, K.C.: The Colonel is quite prepared to testify under oath, as to such of it as is facts.

Mr. SYMINGTON, K.C.: He prepared this but not the reply.

Mr. ATWATER, K.C.: Not swearing to the reply. He will, if necessary, as to such of it as he knows of but he is swearing to his statement. Will you continue please, Colonel?

[Col. William I. Gear.]

A. (Reads):

- (a) Cargo is delivered in better order and with greater despatch and regularity;
- (b) Insurance premiums are reduced owing to the better class of vessels employed;
- (c) Loss of interest on the cargo while in transit is reduced;
- (d) Shippers are relieved of anxiety as to the class of vessels by which their freights will be shipped.

3. Stability of Rates over long periods of time.

(a) Removes the inconvenience which would exist if merchants and shippers were obliged to make quotations on nearly every consignment. A uniform selling price in foreign markets is considered highly essential by merchants. Moreover lines seek to give reasonable notice of alteration in rates.

By Mr. Symington, K.C.:

Q. This is an exact copy of the reply, of course?—A. Without putting it into the Minutes I would like to say it is not all exact.

(b) Reduce complaints from buyers abroad. During periods of competition, complaints come from foreign buyers if sales to them do not happen to be on the lowest basis of cost and freight.

(c) Enables shippers and merchants to calculate laid-down cost and sell goods for future delivery.

(d) During periods of rate cutting buyers abroad buy from hand-to-mouth because they never know what the goods will cost them by the time they are received.

(e) It is to the interest of the lines not to charge rates detrimental to the development of traffic. Shipowners depend for success on the good-will of shippers, and to build up business they must establish rates which will enable their clients to successfully compete.

(f) If the rates charged by the regular lines should exceed or even approximate the chartered rate for tramp steamers shippers can protect themselves by the employment of tramps for the transportation of their shipments.

4. Uniform Freight Rates secured to all Merchants.

Uniform rates protect the small against the large shipper. A merchant shipping one ton of butter or any other commodity will receive the same rate as the corporation shipping 100 tons.

N.Y. GOVERNING THE CONFERENCE

The opinion has often been expressed that New York governs the Conference. We deny this absolutely. We sit in New York with representatives from all other Atlantic ports, and I can, from personal knowledge, say that the products and manufactures of Canada have always been jealously protected and the St. Lawrence gateway kept on an equal footing with any other port. But why, you ask, should New York, Boston, Philadelphia, Baltimore or even the Gulf of Mexico ports be considered? In reply we have to say that the export business of the larger part of this continent tributary to the St. Lawrence, the Atlantic coast ports and Gulf of Mexico gateways is international. If you will look at the map of Canada and the United States you will see two routes open to all ports from interior points.

[Col. William I. Gear.]

1st. Ontario and the West can ship through Buffalo, and then by rail or Erie Canal to any United States Atlantic port, or down the St. Lawrence.

2nd. Chicago and other United States cities have the option of shipping by the St. Lawrence route, or from the United States Atlantic ports, or the ports of the Gulf of Mexico.

We all keenly compete with each other for the products of these populous centres, and as an example, of the total of 152,301,579 bushels of grain shipped from Montreal during the season of 1924, 84,934,397 bushels come from the United States and over sixty-five per cent of packing house products shipped from Montreal during the summer, also come from the United States, most of it from Chicago.

These conditions and facts are important and require to be continually in mind when considering the complex question of the flow of exports through the various Atlantic gateways.

NO DISCRIMINATION AGAINST CANADA

It has been said in the House, and there seems to be a measure of belief on the part of the members in the statement that there is discrimination in freight rates against Canadian ports, and as we, the Canadian members of the Conference, permit lower rates to be quoted from New York than from Canadian ports.

I also absolutely deny this. There is no discrimination in the tariff, we quote the same rates to Liverpool, London and Glasgow, which are the ports mainly dealt with by the Conference, as are quoted by any North Atlantic port. We would not allow for a moment the existence of any other condition. If we did, you might, with reason, consider us insane. If anything we strive for the reverse and at all times see that we are on an equal basis.

By Mr. Atwater, K.C.:

Q. That is in the Canadian ports?—A. Yes. (Reads):

It is true that occasionally some party may want to ship a class of cargo that is not on the tariff and the shipowner then quotes what he thinks would be a fair rate on the article, and it is possible that one of the other ports might look at that particular class of cargo in a different light and quote a little lower rate, but this is one of the few conditions that might arise and I think occurs but very seldom. It is, however, an example of what would be the demoralization in rates and conditions if there were no tariffs. There are goods which some of the lines out of Montreal will not carry at any rate, as they are considered extra hazardous, while other owners are prepared to accept them, or again, they may be refused on a passenger boat and accepted on a freight boat.

TRAMPS QUOTING UNDER LINERS

The statement has been made in the discussion in the House that tramps quote just a little under the liners, the reverse is generally the case. Tramps and liners are two separate traders, the tramp gives the shipper an option of several ports of discharge, sometimes a very considerable range, which enables the shipper to market the cargo at the most advantageous point, and for this he will pay a little more than to the liner which vessel has but one destination and therefore but one market for the shipper.

You will excuse me referring to the House so often. In reading Hansard I saw this statement and I want to make a contradiction (reads):

[Col. William I. Gear.]

LINERS QUOTE UNDER TRAMPS

Again let me emphasize this fact that the liner receives a lower rate than the tramp, the average tramp rate last year being 11d. per quarter of 480 lbs. over the average of the liner.

Q. That is for grain?—A. For grain.

By Mr. Symington, K.C.:

Q. Are these Colonel Gear's own calculations?—A. Yes, they are.

Q. Have you got your working figures?—A. No, I have not got my working figures but this is my statement. I would like to emphasize the point that the increased cost of running vessels is from 75 per cent to 100 per cent over 1913, and the auditors will have to do that.

Q. From 75 to 100 per cent increase?

Mr. ATWATER, K.C.: Compared with 1913 the increase is 75 to 100 per cent in freight.

Mr. SYMINGTON, K.C.: There was no increase in grain.

WITNESS (Reads):

COMPLAINT OF INCREASE IN RATES

Complaint has been made of the increase in some rates, and that they are too high. Shippers complain the world over and are prone to claim that ocean rates prevent business but I wonder how many actually look into the question of the cost of running a steamer. I do not believe any of them have ever done so, nor do they seem inclined to believe any statement made by shipowners, nevertheless it is as impossible to sail a steamship unless the freight earned will pay expenses as it is for them to run their manufacturing business without a profit.

Certain lines of goods have been picked upon to show percentages of increases but the steamers were carrying much of this cargo below cost and of course, the percentages of advances may appear high on these isolated cases, but take the whole increase of 1924 compared with 1913, and the increase is but 44 per cent, while I would like to emphasize the point that the increased cost of running vessels is from 75 to 100 per cent.

It might be enlightening to the Committee if the parties who are making these complaints were to show their balance sheets so that we might study them.

BRITISH GOVERNMENT WAR CONTROL OF RATES

During the war, rates were under British Government control, which control was continued over part of 1919 when the average rate was about \$1 per 100 pounds.

Since that time rates have been steadily reduced to 1924 when the average rate was about 50 cents.

I think you will agree that this reduction is proof that there is no combine. If there had been, the combine would have held for the higher rates.

1921 LETTERS

A member has been quoting from letters received in 1921.

By Mr. Atwater, K.C.:

Q. When you say letters received in 1921, do you mean letters received from exporters?—A. I presume so.

"This is most misleading and absolutely unfair to the steamship companies. If there is any place where fair treatment should be meted out it should be in the Commons if we are to arrive at any satisfactory solution."

Will I give these rates?

Q. Yes, you might quote the rates?—A. Flour 32 cents—19 cents; butter, \$1—\$1.

By Mr. Symington, K.C.:

Q. May, 1924?—A. 1924.

Q. Why say May?—A. Did I say May?

By Mr. Atwater, K.C.:

Q. For flour 1921—32 cents. Were these the conference rates?—A. At that time, yes.

Q. I thought flour was above?—A. It was above for the past twelve months.

By Mr. Symington, K.C.:

Q. Above in New York?—A. In New York.

By Mr. Johnston:

Q. 31 cents?—A. From 32 to 19. "Cheese 75 to 70 cents."

By Mr. Atwater, K.C.:

Q. You do not have butter?—A. No report.

"Cheese 75 to 70 cents; meat 75 to 50 cents. 35 degrees or over—35 cents; 26 to 35 degrees—50 cents; below 25 degrees, 65 cents; frozen fish and butter, \$1.50."

I was going to submit a report of Fair Play. I have not got it with me—Fair Play of January 8, 1925.

Q. You will perhaps give us wrong?—A. I refer you to Fair Play, January 8, 1925.

"Vessels' profits are not hidden but are known, being published yearly as their balance sheets are made up, so that all who desire can inform themselves of the liners' earnings. I attach a report from "Fair Play," January 8, 1925, giving profits of the leading lines over a period of years and it cannot be said at any time that the profits are excessive. So far as the Canadian trade is concerned, the trade in which we are so vitally interested, the Canadian Pacific Railway's statement just published, comments on their steamers' low earnings. The Canadian Government Merchant Marine shows a very heavy loss."

MR. ATWATER, K.C.: That is bad.

WITNESS (reads):

"The Cunard Line last year put two of their best boats on the St. Lawrence route for the summer season with the intention of continuing them but they have been withdrawn on account of the very heavy loss incurred, the Vice-Chairman stating that the *Caronia* and *Carmania* lost six thousand pounds per voyage while running between Liverpool and Quebec during 1924."

The CHAIRMAN: The witness now is reading a newspaper clipping is it?

MR. ATWATER, K.C.: No, he is making a statement. He has not the clipping here and he is making a statement about the Cunard Line during their operations last year.

[Col. William I. Gear.]

The CHAIRMAN: Is this of his own knowledge?

Mr. SYMINGTON, K.C.: No, he said it is what the President said.

Sir HENRY DRAYTON: I suppose he knows the boats ran last year.

Mr. SYMINGTON, K.C.: Yes.

Mr. ATWATER, K.C.: The Robert Reford Company is Agent for the boats.

Mr. SYMINGTON, K.C.: The point is, Mr. Atwater, he read it. The President said so.

By Mr. Atwater, K.C.:

Q. Is that within your personal knowledge?—A. I know they made a loss and I have the figures as given by the Vice-Chairman.

Q. Your information comes from the Vice-Chairman?—A. Yes.

"Someone has aptly said that "Ocean shipping remains the most highly complicated business on earth, being open to all." Complicated as it is, involving as it does in its embrace nearly every known business calling, and the economical condition of each affects the vessel. High wages, cost of material and supplies in any branch of commerce, have their effect on the earnings and consequently on the freight rates.

We learned a few days ago of the Furness Line giving an order to German shipbuilders on account of cheap construction. This is owing to lower wages and cost of material. One reason for the lower material cost it is reported, is the lower coal cost in Germany than in England, although other important factors had a large bearing on the situation.

As our boats are English, Scotch or Irish built we have to pay for it in higher freight rates. Building is not the only item, as cost of coal and wages go into the cost of every requirement of a vessel in its building and working expenses. Wages ashore, which have increased from 1914 to 1924 as follows:

Longshoremen..	106 per cent
Shipliners..	125 per cent
Checkers..	88 per cent
Pilotage up river..	80 per cent

and other labour in proportion."

Q. Is that the pilotage fees all the way to Quebec?—A. No, pilotage from Quebec to Montreal.

Q. Is the other increased also?—A. No sir.

"are not alone in adding to the cost, wages at sea is another item which the Commons and public overlook.

I do not argue whether they are right or wrong but the result to the shipper means increased cost of transportation."

Q. What is the increase in wages at sea?—A. I come to it in a minute.

"At present there is an international move to give sailors an eight hour day, an unworkable condition at once at sea—"

By Mr. Atwater, K.C.:

Q. You are reading a statement of the increase of cruise and so on. Will you kindly just enumerate for cargo steamers and for passenger steamers a little more definitely?—A. Crew wages, cargo steamer 87 per cent, passenger steamer 119 per cent; provisions, cargo steamer 40 per cent, passenger steamer 40 per cent; repairs, cargo steamer 77 per cent, passenger steamer 77 per cent; stevedores, cargo steamer 100 per cent to 140 per cent; wharf expenses, cargo steamer 67 per cent to 107 per cent; dock dues, cargo steamer 50 per cent to 90 per cent. Then we have the demand of the shippers.

[Col. William I. Gear.]

By Mr. Atwater, K.C.:

Q. I am speaking of increases, but does that account for your fitting up ships, the work you have to do in fitting a ship for the reception of any particular commodity? Do you not have for instance when you are taking grain—you put grain in, in bulk in the hold—above or 'tween decks, you have to have some special construction to keep the grain from shifting?—A. Ship boards, carpentering work.

Q. That is one of the requirements of the port of Montreal?—A. Yes.

Q. And the port of Quebec?—A. Yes.

Q. Have you included this?—A. No, sir.

Q. Has that cost increased?—A. Yes.

Q. This is only a detail?—A. I have not got these figures. It has increased from fifteen to forty-five dollars or more per thousand feet board measure, and ship liners have increased about 125 per cent.

“Then we have a demand of the shippers for increased facilities, requiring by no means an insignificant outlay, all meaning cost to someone. Steamers thirty years ago were of an ordinary type, not much above the modern tramp as regards ventilation. To-day we are required to supply forced draught ventilation by fans driven either by electricity or steam.

“Following this the demand was made for cool air, that is air cooled by a small refrigerating plant and forced into insulated holds, the equipment and insulation both entailing considerable outlay and taking up considerable space, which would, under ordinary conditions be used for cargo.

“Then followed the demand for refrigerators, with temperatures as low as ten degrees, which in turn required a larger refrigerating plant, and increased insulation, with many separate chambers, to meet the demands of our clients.

“All of this has meant increased loss of cargo space taken up by the insulation and plants, increased capitalization and crews, and naturally increased rates to the shippers.

“It now appears that a still larger amount of refrigeration will be demanded on account of the British law against artificial preservation of meats. This will require installing equipment costing from eighteen thousand pounds to twenty thousand pounds per vessel—”

By Mr. Atwater, K.C.:

Q. Eighteen to twenty thousand pounds?—A. Yes, per vessel.

“meaning loss of space by the insulation and naturally rates must be advanced to meet this extra expenditure. And finally it is not used to capacity.

Q. What do you mean by that?—A. Shippers do not show it. The next sentence will explain it.

“In the past refrigeration has been used during the hot months of the year only and to some extent in the fall for green fruit. During the winter months it is not used at all; altogether for eight months of the year it is unoccupied, and the ship is losing interest and depreciation on the investment, and worse still, the earnings she would have obtained on the space if it had not been occupied by the Refrigerator Equipment.

“Then we have the very heavy expense at either end of the voyage. At Montreal and Quebec, large sheds have to be rented from the Harbour Commissioners to take care of the package freight in and out of the port.

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In the United Kingdom all the ports are under Dock Boards, or some other corporation where the ship has to pay heavy dock dues, etc., for the accommodation which she may use."

By Mr. Atwater, K.C.:

Q. While you are on that, Colonel, when you speak of renting sheds from the Harbour Commissioners—Harbour Commissioners is really the Government?—A. Yes.

Q. Has the rental of these sheds increased from 1913?—A. Yes.

Q. How much about?—A. About double.

Q. About double what you paid in 1913?—A. Yes.

Q. Shed accommodation?—A. Including extra work, loading, and so on.

Q. Perhaps you will come to it later, does the tramp pay anything of that?—A. No.

"Some members of Parliament have made the statement that a company can avoid this. I do not know how this can be done and have only to refer you to the large docks on the Thames at London; the docks of the Mersey Dock Board at Liverpool; the various dock boards round the Bristol channel; and the Clyde Trust at Glasgow, as an example of what has to be contended with. In addition to the dock dues, lines having selected berths—and all regular lines must have one—have to pay additional rental, otherwise they would have to take their turn, which would mean delay. Dock dues, too, have increased, I am told, since 1913, as an example, at Glasgow 67 per cent tonnage dues, Liverpool 90 per cent and Avonmouth 50 per cent."

Q. These are ports in the United Kingdom, most of them? What ports do you refer to mostly, to the liners?—A. The liners cover Liverpool, Avonmouth, Cardiff, Glasgow, Leith, Newcastle, London, Southampton and Plymouth, I think.

Q. That is practically all?—A. That is practically all the way around the British Isles.

Q. I see you have come to my question now.—A. (Reads):—

"There is, however, an exception for tramps—
may I ask the representatives of the farmers to note this—

There is however, an exception for tramps and that is the port of Montreal, where a tramp vessel, whether loading grain or other cargo, has free wharfage, is cleared of any tonnage dues, and enjoys an absolutely free port while the lines pay heavy shed rentals and other expenses of a large organization. What greater freedom could they enjoy? Some member wants to give them greater freedom. I don't know what greater freedom they could have unless the Government having a fat surplus would further bonus them.

"I have referred to the seas being open to all. This is not a passing idle statement. Not only are the seas open but so are the ports all over the world, and the greatest safeguard that any export trader has (and I do not know of another outside of shipping that has this safeguard) is the perpetual presence of the tramp. At present, the world has over ten million tons of surplus tonnage ready to spring into any trade that will show a profit or even a semblance of profit. In times of scarcity tramp tonnage is taken off the trade routes by the owners, and laid up. As soon as any trade shows a marked improvement and a likelihood of making a profit, these vessels leave their harbours and proceed to take whatever profit there may be in it. Not so the liner, who must face the loss on account of her moral obligations to give a regular service.

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At the same time, while the tramps do not compete in any particular trade, they give a useful service, in being able to supply tonnage in any trade to move any surplus product and thus prevent a glut or accumulation at the producing point. Therefore the tramps have been in the past, and will continue to be in the future, a regulating factor for the Canadian farmer in the handling of his grain, quite independent of the present liners.

The liner tonnage coming to Montreal could not have moved the grain last year, 1924; there would have been a block, and possibly very much higher rates paid except for the useful tramps, which stepped into the breach and helped to move the grain, carrying 94,544 thousand bushels, the liners but 57,456 thousand bushels. It does not matter whether additional lines are added to those already existing or not, this condition will always be the same, that is, the tramp will fill its useful purpose, and further, tramps will get the rate which they demand just as they did last year when their charter rates of freight were higher than those being quoted by the liners. And here I wish once more to correct a statement made in the House, that the liners get higher freights than the tramps.

No possible safeguard can be developed by this Government, or any other Government, that will equal this safeguard of the tramp fleets of the world. Not only can they be used for grain, but they can be used in any trade for any port from any port, and for any class of bulk cargo, wheat, or other grains, flour, cattle, deals, timber, etc., the only requirements being that they must have a full and complete cargo."

By Mr. Atwater:

Q. You were saying that there was a fallacy that the Canadian farmer was under; will you go on from that?

There is another fallacy in the minds of members of the House and no doubt outside of the House and that is, that the Canadian farmer in some way is a shipper, or will benefit in some manner by the rate; but as the farmer sells his wheat in competition with foreign markets, the largest customers of St. Lawrence lines and tramps are New York exporters who ship Canadian and United States grain as it is marketed at the cheapest through rate from the Head of the Lakes to port of destination, either via St. Lawrence route or Buffalo. Our merchants do the same. You will thus see that the chance of aiding the producer by a subsidy is very remote. In the general advance in rates the farmer has not been affected, the grain rate being open, the market conditions govern.

In 1913, the average grain rate of one of the liners was 2/7d. per quarter of 480 pounds. In 1924 2/11d. per quarter or 11.11 per cent increase. It was less in 1923, and may be completely reversed during 1925. You will thus see that the farmer has nothing to fear, in fact what he has to fear most is the withdrawal of the liner and for him to be left to the mercy of the tramp, who will not sail from her home port without the voyage being provided for and a profit in sight.

Another impression seems to be that if the steamer is short of cargo when sailing, that the expenses are decreased. Unfortunately we are not like a train which consists of a number of cars. With a train, a car can be added to or taken off as required, and make very little difference in the hauling cost, but with a steamer the conditions are entirely different. Her unit of earning is a full ship with a properly distributed cargo of grain and measurement freight. The vessel remains the same whether loaded or not, the crew is the same, the capitalization is the same, the cost of

running the same, and if the cost of a round voyage is £10,000 or £20,000, this must be paid—it is out of pocket expenditure—and if the vessel is not full, there is a loss, and, in some cases, a very serious one.

A good deal has been said, and is being said, regarding the Liner Committee. The criticism is quite unwarranted.

The Committee is composed of representatives of the Liners meeting in Montreal. It was first established in September, 1918, at a meeting called by the Director General of the British Ministry of Shipping, for the purpose of interchange of ideas with a view to efficiency in loading and despatching steamers, and dealing with matters of general interest.

By Hon. Mr. Stevens:

Q. In what year was that, Colonel Gear?—A. That was in 1918. (Reads):

“The Committee meets at least weekly, or whenever it may be necessary, to consider any question brought before them (frequently with the shipper present to give information and explain his request). This is fully considered, as are questions at the General Conference.

“This ensures quicker action and is more satisfactory to the shipper than if he had to wait an indefinite period for the monthly meeting.

“In regard to the open products of grain and flour traded in on the Exchanges, meetings take place daily, sometimes more frequently.”

By Mr. Atwater:

Q. Excuse me for interrupting you, Colonel Gear. Has the shipper access to this Committee; can he be present at the meetings of the Committee?—A. No, but he can meet the Committee and explain what his wishes are, and after that they are considered.

Q. I want to know whether he is free to present or to represent his views to the Committee at any time.—A. We meet the shippers frequently.

By Sir Eugene Fiset:

Q. Are you not making a mistake in the date, when you say 1918; should it not be 1919?—A. No, sir. It is 1918. This was while the Ministry of Shipping was still in control, in 1918. Let me re-read this (Reads):

“It was first established in September, 1918, at a meeting called by the Director-General of the British Ministry of Shipping for the purpose of interchange of ideas with a view to efficiency in loading and despatching steamers, and dealing with matters of general interest.”

Q. What I had in mind was this, that in 1918 it was controlled by the War Commission, even up to 1919, and that is why I was enquiring whether you were making a mistake or not.

MR. ATWATER: He states that the meeting was called by the Director-General of the British Ministry of Shipping.

SIR EUGENE FISET: I am asking if it was not under the control of the War Shipping Bureau in Canada?

By Mr. Atwater:

Q. Are you sure that it was 1918, Col. Gear, in order to answer Sir Eugene Fiset's question?—A. Unless my memory is very bad, 1918 is correct. (Reads):

“In regard to the open products of grain and flour traded in on the Exchanges, meetings take place daily, sometimes more frequently. The object is the preservation of the flow of this class of freight through the port of Montreal. Brokers' reports are received from the various

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Atlantic seaboard ports; they are fully considered, and the competition, whatever it may be, met. It need not necessarily be a competition of the liners out of New York, London or elsewhere, but competition of tramp vessels, as their charters are reported, whether loading and sailing from New York, Boston or the St. Lawrence. And, by the way, most of the charters for tramps are made in New York, some in London, but few at Montreal.

You may ask, why should there be this Committee, why should we not act independently? This is against the natural conditions of commerce in all branches of trade, either you are in Conference, or you are at more or less open warfare. Before this Committee was formed, we went from one to the other; we called on the brokers, we gathered the news willingly or unwillingly, as each individual thought best, and then acted. This was found to be a cumbersome way of doing business, which led to many inaccuracies, and it was thought that the trade of Montreal and the St. Lawrence, also the shippers' interest would be better protected by us frankly getting together instead of running after one another to ascertain what was being done. There is no secret about the matter, and there should be no hesitancy whatever in describing the actions of the Committee.

This Committee also deals from time to time with the question of Bills of Lading and other documents. It is most essential that these important commercial documents should be in order, and that all the Lines should have similar Bills of Lading. The Committee see that all the printed documents are in perfect form and comply with the various regulations at the various ports, the requirements of the bank, and with the 'law of the land.'"

I would take this opportunity of again correcting a statement made by members in the House, that ships do not comply with the Canadian Carriage of Goods Act. I feel, Mr. Chairman, while standing here that I am a kind of criminal in not obeying the law of the land. (Reads):

"It is a pity that these various statements should have been broadcast throughout the length and breadth of Canada, making us appear as lawbreakers when we are not.

In regard to our documents, there is one thing that is absolutely adhered to, and that is that all the liners sailing from Canada absolutely comply in every respect with the Canadian Carriage of Goods Act, and the clauses which the Act requires to be printed on the Bills of Lading will be found there by any interested person asking to see a Liner Bill of Lading sailing from the St. Lawrence, or for that matter any Canadian or United States port, when a Bill of Lading is issued in Canada for Canadian cargo."

I am going to take this opportunity of filing some Bills of Lading. It is bad enough to be accused of combines, but when we are accused of deliberately breaking the laws of Canada, I object.

(Witness produces forms of Bills of Lading.)

By the Chairman:

Q. Just what are these, Col. Gear; are these Bills of Lading all of the same form or of different forms; are they of different lines?—A. They are of different lines.

Q. Are there more than one of each, because we do not want to cumber our record. We are not going to print them. They are filed with the Com-

[Col. William I. Gear.]

mittee as copies of Bills of Lading issued by different steamship lines trading out of the Port of Montreal. We will put these in as Exhibit No. 36.

Exhibit No. 36: Forms of Bills of Lading issued by different steamship lines trading out of the Port of Montreal.

Hon. Mr. STEVENS: By members of the Conference?

The CHAIRMAN: Some of them are not?

Hon. Mr. STEVENS: How many?

Sir EUGENE FISET: Mr. Chairman, may I call your attention to the fact that the evidence just read by Colonel Gear is absolutely different from what is contained in this reply from the shipping companies. Would it be possible, for this evidence to be ready for the next meeting of this committee in order to cross-examine on it?

Mr. SYMINGTON, K.C.: I was going to ask that we have a chance to see this long statement. I take it that this is the case of the Montreal Liner Committee, and we will be able to get it.

Mr. ATWATER, K.C.: Certainly. If we had a copy here we would give it to you now, but unfortunately we have not. It will be printed in the record, however.

The CHAIRMAN: Very well, proceed, Colonel Gear. This page 25 is cancelled, is it?

Mr. ATWATER, K.C.: What is that?

The CHAIRMAN: The Colonel is taking out page 25.

By Mr. Atwater, K.C.:

Q. Are you starting at page 26?—A. Yes, I am quite satisfied to do that.

A great deal has been said regarding flour rates and the claim of the millers that they are unable to do business at the rates quoted from the port of Montreal, and a member quoted from a letter stating:

"That this could be best effected by carrying flour for export at the same rate of freight as wheat."

How would the miller like a consumer to say that a barrel of flour should be sold at the equivalent of the cost of the grain ground to make that flour. He would at once say that the person making such a claim must be of unsound mind as the miller has to provide a mill with machinery to grind the wheat, he has interest, depreciation, overhead costs, and other expenses; cost of the package; and finally he would add "I am entitled to some little profit for grinding the wheat."

The same reasoning applies to steamships. The grain is loaded with the smallest amount of labour, it is delivered by an elevator through a spout and the grain flows into the vessel by gravitation, the only labour required being sufficient to level the top of the grain cargo. It is discharged to-day in most United Kingdom ports in the same manner, that is, an elevator takes it from the hold on the vessel and places it in storage. Whereas with flour, the line has to hire a shed to receive the flour, you will remember the tramp does not use a shed. Flour must be carefully handled, a large gang of men (16) is required to load it, with plant and machinery. It is carefully stowed in the vessel where it will be free from dampness or danger of taint from any surrounding cargo, or even heat generated by corn. On arrival at the discharging port it again has to be carefully handled, and placed in a warehouse for the purpose, at heavy expense. As an example of the care that has to be taken in stowage, I attach copy of a letter from F. H. Price, New York, January 2nd, 1923, addressed to Messrs. Furness, Withy & Co., New York. A similar letter was sent to all companies. I need not read the letter, but it requires us to stow the flour away from corn, for fear that it will deteriorate, and also to keep it free from taint and so on.

[Col. William I. Gear.]

Mr. ATWATER, K.C.: I would like to ask that the letter be filed and made an Exhibit, or else incorporated in the evidence. It is not necessary to take up the time of the committee by reading it, but I would like to have it appear in the record.

The CHAIRMAN: We will put it in the evidence, just as though the Colonel had read it.

Mr. DUFF: That would not be evidence.

The CHAIRMAN: No.

Mr. SYMINGTON, K.C.: None of this is evidence.

Mr. ATWATER, K.C.: It is about as much evidence as the complaining letters received from the exporters.

The CHAIRMAN: It bears out the Colonel's statement that flour requires careful handling, that it will not be tainted by other goods. I think we will all agree that that is a reasonable statement.

Mr. ATWATER, K.C.: I think that is germane to the evidence.

F. H. Price & Co.,
25 Beaver St., New York,
January 2, 1923.

Messrs. Furness Withy & Co. Ltd. and or
Swedish American Lines and or
Prince Line,
34 Whitehall Street,
New York, N.Y.

Gentlemen,—It has been brought to our attention recently that flour arriving in Europe has been damaged from being stowed in the same compartment with apples and corn as well as by contact with oil shipped in barrels. Taints have arisen from other commodities likely to give off an odour easily absorbed by such an article as flour.

Some years ago we had to bring suit to establish the fact that stowage of flour with corn was improper and liable to cause damage to flour because of the odours arising from corn in stowage even though corn may have been kiln dried. The separation of corn from flour by dunnage is not sufficient as the odours escape through the dunnage as easily as though nothing was there. It is improper to stow flour in the same compartment with corn or in compartments where odours from corn can penetrate. The same is true with respect to the stowage of flour with apples.

We continue to receive claims for taint arising from oil fuel as well as by contact of oil fuel with bags of flour. This can be avoided by proper care in our opinion and the selection of the proper quality of oil and seeing that the tanks and pipes are oil tight which as you know is somewhat different from being water tight.

We have recently had a case of damage to flour by being stowed in the bridge deck alongside oil in barrels. It is a well recognized property of oil in barrels to leak and oil seeping from the barrels coming in contact with the flour or grain products in bags causes the same to become unfit for human food. In our experience it has been recognized for many years that stowage of flour alongside oil in barrels is improper stowage and authorities of the subject have so held.

Our position in issuing this circular is not to create difficulties in the handling of flour nor to allege anything but to acquaint all those interested in the handling and stowage of flour in ships with the possibilities

of damage occurring during the voyage unless reasonable precautions are taken to keep apart certain kinds of cargo which are known to damage each other.

It is necessary for me to intimate at this point that damage arising from taints or contacts of the character described in this circular will make it necessary for us to present claims for such loss and damage for adjustment.

Yours very truly,

(Sgd.) F. H. PRICE,
Export Agent, Millers National Federation.

The WITNESS: In addition flour takes up on an average 25 per cent more room in a vessel than grain and we have carefully worked out the comparative cost of each. If we take a quarter of wheat at 3/ for 480 pounds, at the exchange rate of \$4.80 to the pound sterling, versus flour, we require to get 9.55 cents per 100 pounds more for the flour for actual handling expenses than we do for wheat. In addition to which we have the possibility of claims on flour against none on grain and we have quicker despatch with grain both in loading and discharging than we get with flour.

From this you will see that we are justified in quoting an additional rate over wheat by actual working expenses.

By the Chairman:

Q. And the insurance; does that affect it at all?—A. I do not think so.

Another statement was made by a member, quoting from a letter, that rates were higher from Canada to Danzig than from New York to Danzig. This is quite possibly correct, but what are the conditions? The shipper could probably get a direct sailing from New York to Danzig, whereas, so far as I can learn, there was not a direct sailing from Montreal to Danzig, flour for that port having to be transferred at Hamburg to a coasting vessel and in all probability this coasting vessel's freight from Hamburg to Danzig made up the difference between the two ports.

By Mr. Atwater, K.C.:

Q. Colonel, let me go back for a moment to that letter, about which we had some discussion. Who was it from? My attention was called to the fact that one thing which may give importance to that letter is that it is from an insurance underwriter, evidently. It shows that there is an effect on the rate of insurance on these goods.—A. The letter is from F. H. Price, Export Agent, Millers National Federation, 25 Beaver St., New York.

Q. I am told that they are insurance underwriters also?—A. I am not sure as to that.

Q. Well, if you are not sure, that is all. Go on, please.

Cattle.—We have heard a great deal about cattle rates but as a matter of fact the export of cattle during the past year was greater than it had been since the U. K. embargo was removed and if we take the bookings up to date for the present year as any criterion of what the trade is going to be, export will be still larger this year. As in the instance of flour, shippers of cattle overlook the cost of carrying the cattle as compared with what it was when cattle were formerly allowed free entry into Britain. There is no comparison between the two periods. Increased costs have entered into every walk of life, we pay more for every article we buy, and naturally there has also been an increase in the cost of carrying livestock.

Let me give you some particulars:

Fittings, 1909—\$3 to \$5, now \$20 on deck, \$10 in 'tween deck.

Carpenters, 1909—25 cents to 37½ cents per hour, now 62 cents and 72 cents.

Lumber, 1909—\$16 to \$17 per 1000 ft. B.M., now \$50 to \$54.

You will thus see that the rate that we are charging to-day of \$20 per head is not excessive, being but 177.77 per cent of an increase and not 300 per cent as has been quoted in the House from a letter. It does not, from the foregoing statement, cover expenditure.

If the rates were reduced it would not be long before you would have the same complaint from the shippers that rates were still too high. And here let me say that unless a farmer shipped his own cattle, he would not receive the benefit of any reduction in rate, that would go to the middleman, and possibly to the cattler dealer on the other side, who is watching just as keenly the cost conditions as we are. If the Government are really in earnest and desirous of helping the farmer to ship cattle, then in my opinion they should bonus the farmer for the cattle that are shipped abroad. As one of your members has stated, the

“Question which has always arisen in my mind is whether from point of production to point of consumption any lowering of transportation rates might not be entirely lost and the actual producer not reap any benefit at all. In commercial life this is the case.”

Mr. SYMINGTON, K.C.: These are the Colonel's opinions, I suppose.

The CHAIRMAN: Colonel, do you subscribe to this last statement?

Mr. SYMINGTON, K.C.: Is he quoting from somebody else?

The CHAIRMAN: Yes, and I am asking if he subscribes to that unusual doctrine.

The WITNESS: I think it is right.

Frequently shippers ask us to go to an outport, that is a port other than the vessel's regular destination, which immediately means increased cost, time occupied in the deviation, port dues and other expenses. When we ask them to pay for this cost they demur and write a letter to the Government. Very seldom does the additional rate asked cover the entire outlay. In other cases where ships have been offered cattle for an outport they have had to refuse them, because shippers of other cargo, meats, cheese, etc., will not ship on a steamer if they know that she is making such a call, on account of the deviation and the delay in arrival at the final discharging port.

It must be remembered that no individual shipowner can continuously carry freight at a loss. It is manifestly impossible for him to do so for any length of time.

Exchange: Let me draw your attention to another disability that steamers will suffer from this year as compared with 1924.

Tramps in making their charters, fix their rate invariably on a sterling basis. Please bear this in mind, “sterling.”

During the war a change took place in quoting freight for the general trade. In nearly all instances, except on a few commodities, including grain, rates are now quoted in cents per 100 pounds, shippers having found that this was more convenient for their calculations. What is the result? Exchange has gone up and is now on an average \$4.77 to \$4.78, we will say \$4.80 or 8 per cent. A pound sterling a year ago was equal to \$4.44; to-day \$4.44 is only equal to 18s. 6d., so that a ship quoting the same currency rates to-day as last year, on general cargo, is losing 1s. 6d. per ton, 7½ per cent, which means that last spring, at \$4.44, we received for cattle \$20, or £4 10s. 1d. per head. This year at \$20

the ship will receive £4 3s. 4d. per head, increasing the loss by 6s. 9d. or \$1.62 per head.

Do you want to go on with the other, Mr. Atwater, the passenger rates?

Mr. ATWATER, K.C.: No, I do not think you need cover that. I know you have made a study of that, but I do not understand that first-class passenger rates are at all an issue here, and I would skip that. If you are asked as to that by Mr. Symington, however, I would be glad to have you give him any information you can.

By Mr. Atwater, K.C.:

Q. You have got something about disbursements there? That is in connection with passengers, is it not?—A. No, general disbursements. There is in the minds of the public and members of Parliament the impression that very little money is left here by the steamship lines, that most of the money which the lines receive is spent at the home port in the United Kingdom and that the only service that the steamers are to the country is that of carrying wheat and our products, while, as a matter of fact, steamers are probably one of the largest disbursers of money during the seven months that they come to Montreal, with the exception of the railway companies. The expenditure by the lines amounts to over eleven millions (\$11,300,959.68). Of this over two and a half millions is disbursed on the docks for wages. Most of this large sum goes immediately into circulation in Montreal and the province of Quebec. The weekly payroll on the docks at Montreal probably averages over \$80,000.

Q. That includes all your disbursements in connection with the ships at Montreal and Quebec?—A. Yes.

Q. The weekly payroll is \$80,000?—A. About \$80,000, on the average.

Q. Now, you have some general remarks there, Colonel Gear?—A. Yes. Some of the extravagant statements reported to have been made on the discussion of this subject in the House are so much at variance to the facts that they are alarming and threaten the commerce of Canada. They are so widely published abroad that doubtless people are led to believe them and may hesitate about going into any new manufacturing venture. For instance, one speaker stated that:

"Interest after interest of the classes I have mentioned have been representing to the Government that their whole export business through the differentials given on the Atlantic, is threatened with extinction, in other words, every one of them has made representation to the effect that rates from New York to British ports are so much lower than from Canadian ports that there is no hope of their being able to export through Canadian ports."

Q. Did you take that quotation from Hansard?—A. Yes. These statements are, to put it mildly, misleading. As I have already stated, in this report, similar rates—

By the Chairman:

Q. What page of Hansard are you reading from?—A. It could be easily looked up.

By Mr. Duff:

Q. From whose speech is that—Sir Henry Drayton's—A. I would not think so.

Mr. ATWATER, K.C.: He is answering the speech. I was under the impression it was made by the Prime Minister.

[Col. William I Gear.]

The WITNESS: As I have already stated in this report, similar rates are quoted on the goods in the tariff by both New York and Canadian ports. We have but one aim and that is the development of our services and continuous sailings from Canadian ports, summer and winter. If shippers would only use our winter ports as consistently during the winter, as they do Montreal during the summer; use our refrigerators which have been built at their request; instead of using New York as they do, paying Conference rates which they are so fond of saying differentiate from those of the Canadian Lines, they could look forward to still further improvement in our services.

By Mr. Atwater, K.C.:

Q. You mean by that, that Canadian exporters use the New York ports?

—A. Yes.

By the Chairman:

Q. Why?—A. Ask the exporters.

Q. I say, why do they use the New York ports?—A. I do not know.

Mr. SYMINGTON: I guess they get a rebate.

By the Chairman:

Q. Do you say that you do not know?—A. I don't know. They complain about our rates, we complain about their lack of support, support which lacks that Canadian spirit which if not encouraged will in the end work against our nationality, our winter ports, our River St. Lawrence, the ports of Montreal and Quebec, the province of Quebec and through our seaboard provinces, the Dominion. The position of the Shipping Companies is put in a nutshell by Sir William Noble, Bart., who says that—

The CHAIRMAN: Mr. Atwater, should we be asked to listen to what Sir William Noble says? We are glad to listen to what Colonel Gear has to say.

Mr. ATWATER, K.C.: I agree with that, but I think we must be patient with the witness if he wishes to express his own views in the language of somebody else.

The CHAIRMAN: If he puts it that way, it is all right.

Mr. ATWATER, K.C.: He subscribes entirely to the words of so-and-so who says so-and-so. That is about all he says.

The CHAIRMAN: If he subscribes to the expression of somebody else, it is all right.

The WITNESS: Shall I give the quotation?

The CHAIRMAN: Yes, go ahead, sir.

The WITNESS:

“If rates are cut down to the extent it is apparently proposed they will be, the only effect will be a vast withdrawal of tonnage while the market for Canadian produce which shipowners have developed will be temporarily disorganized if not permanently lost.”

Navigation is now open, and on behalf of all the lines we invite the Committee to visit Montreal as our guests—

Several Hon. MEMBERS: Hear, hear.

Mr. DUFF: Name the date.

The WITNESS: —and to personally visit and inspect the work and the equipment required in loading a steamer with a complicated stowage of cargo. I feel that if you were to see the full operation of handling a steamer in Montreal, the handling of the different classes of cargo, the stowing of it in the holds

[Col. William I. Gear.]

of the vessels and the care and expense that is incurred, it would be enlightening to the Committee.

The CHAIRMAN: I hardly think it would be worth while to commence the cross-examination at this time.

Mr. ATWATER, K.C.: I may have a question or two to ask to-morrow, but I do not think so now, but I do want to go over the evidence.

Mr. SYMINGTON, K.C.: When will we get a copy of this?

The CHAIRMAN: The Printing Bureau will get this to-morrow. (Discussion followed as to filing of communications received at last meeting, as exhibits.)

The CHAIRMAN: It is my view, and I speak subject to the voice of the Committee, that if we started printing these things we would, by so doing, invite public bodies all over the Dominion to express their views. They would send in letters which would have to be printed, as well, and we would incur a considerable expense in printing, and I doubt if it would serve any useful purpose. I want counsel to understand that the letters are of record; they are there to be referred to in argument, and it seems to me that is as far as we can go. I would like expressions of opinion from other members of the Committee.

The CHAIRMAN: Now gentleman, when shall we sit again? I learn from Mr. Euler, who is the Chairman of the Special Committee on National Railways and Shipping, that his Committee will sit to-morrow morning. In view of the fact that Sir Henry Thornton and other men connected with the Canadian National transport services are here, and my suggestion to this Committee is that we might again sit to-morrow afternoon. However, I only make that as a suggestion. I wish, if possible, not to conflict with the meeting of the other Committee. Perhaps I might inquire from members of this Committee how many of our members are also members of the Special Committee?

Sir HENRY DRAYTON: Mr. Rinfret and myself.

The CHAIRMAN: Shall we adjourn until to-morrow afternoon at four o'clock?

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 5—Thursday, April 23, 1925.

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,
C. Russell McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Col. William I. Gear, Manager Robert Reford Co., Montreal.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 231,

THURSDAY, April 23, 1925.

The Committee met at 4 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present:—Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Riniret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—14.

Col. William I. Gear, who was again in attendance, was further examined and retired.

Discussion followed relative to the selection of a chartered accountant to audit the books of the members of the North Atlantic United Kingdom Conference. Decision was deferred until a future meeting of the Committee.

The Committee adjourned at 6.10 o'clock, p.m., to meet again at 2 o'clock, p.m., to-morrow, Friday, April 24, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

THURSDAY, April 23rd, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 4.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, K. C., presiding.

The CHAIRMAN: Gentlemen, the meeting will please come to order. We will proceed with the cross-examination of Colonel Gear. Now, Mr. Atwater, when we adjourned last night, you intimated you might have two or three further questions to put to the witness, if I remember correctly.

Mr. ATWATER, K.C.: On consideration, sir, I do not think it is necessary for me to do so. I will leave the witness to my learned friend, Mr. Symington, of course reserving my right for re-examination.

The CHAIRMAN: Mr. Symington, will you cross-examine Colonel Gear on any matters which you deem necessary?

COLONEL WILLIAM I. GEAR recalled.

Cross examination by Mr. Symington, K.C.:

Q. Colonel Gear, your company is agent for the Cunard Line?—A. Yes.

Q. The Anchor Donaldson Line?—A. Yes, sir.

Q. The Donaldson Line?—A. Yes.

Q. The Thomson Line?—A. Yes.

Q. And the Cairn Line?—A. Yes.

Q. And apparently in the preparation of the case, some voyage sheets and statements have been brought by some of these companies. Did you request the Cunard Line to furnish that information?—A. I asked them if they would.

Q. Have you it?—A. No, sir.

Q. Is it on this side?—A. No, sir.

Q. Is it coming?—A. I do not know.

Q. Have you instructed them to send it?—A. I cannot instruct; I have asked.

Q. You have asked?—A. Yes.

Q. Now, just to get this out of the way: Are you the author of what is known as the reply of the steamship companies?—A. No, sir.

Q. Who is? Do you know?—A. It is compiled by a committee.

Q. Who are the committee?—A. I am not sure of all the names.

Q. Give us the ones you know?—A. Mr. Coates, Mr. Marlow, and Mr. Wainwright, and several others.

Q. What I want to get at is some person who can answer some questions on it when the time comes. Will you tell us who that will be?—A. Mr. Marlow, I think, can answer.

Q. Now then, Colonel Gear, you have told us of your long experience with the Conference—

Mr. FLINTOFF: Pardon me a moment. I think Colonel Gear was not present when that reply was prepared.

By Mr. Flintoft:

Q. Were you, Colonel Gear?—A. I was not present, but I read it.

Mr. FLINTOFT: Mr. Marlow did not have anything to do with the preparation of the reply; he was not in on that.

Mr. SYMINGTON, K.C.: He does not know anything about it?

Mr. FLINTOFT: We are not at all ashamed of it, Mr. Symington. We are prepared to produce whoever had to do with it. Mr. Wainwright will be available, but he is ill at the present time, but by the time he is needed, we think he will have recovered.

By Mr. Symington, K.C.:

Q. Colonel Gear, from your experience with the Conference; will you tell us what a "neutral rate" is?—A. What is what?

Q. A neutral rate?—A. You have me there; I do not know what you mean by that.

Q. You do not know what a neutral rate is?—A. Not that I know of.

Q. You attend these Conference meetings?—A. I have.

Q. You read their minutes?—A. Sometimes I do.

Q. You know the method by which rates are fixed?—A. Yes.

Q. And you cannot tell the Committee what a neutral rate is?—A. Not what you have in mind as a "neutral rate".

Q. You do not know what I have in mind at all. I am asking you the definition of a "neutral rate," which I took from the minutes of the Conference.—A. I can not answer it, sir.

Q. Can you tell us what a "parity rate" is?—A. A parity rate is the rate being the same.

Q. Between whom?—A. Between the different lines.

Q. And the different Conferences?—A. No, sir. We have only one Conference. I would like you to make that perfectly clear.

Mr. SYMINGTON, K.C.: We will deal with that subject, perhaps, a little more fully, sir.

By Mr. Symington, K.C.:

Q. You had, up to a few days or weeks ago, more than one Conference?—A. Maybe, but there is only one on this side of the Atlantic.

Q. Only one on this side of the Atlantic?—A. That we have to do with.

Q. But prior to a week or two ago, there were two others you had to do with?—A. No, sir.

Q. Never had anything to do with them?—A. No, sir.

Q. What is an "emergency rate"?—A. A rate that is put into the market, to take cargo if it is necessary. If a ship is short of cargo and requires ballast, and they can get it at a certain rate, they are allowed to quote that rate, and that is an emergency rate.

Q. Is it an "emergency rate" where a rate is quoted by a non-Conference line, and the Conference learns about it, and they quote below the Conference rate for the purpose of getting the business from the non-Conference Line?—A. I would call that a "competitive rate."

Q. Does the Conference call it an "emergency rate"?—A. "Competitive."

Q. Then, what is an "open rate"?—A. An article on which there is no agreed rate.

Q. No agreed rate between whom?—A. Between members of the Conference.

Q. Do you mean between all the members of the Conference or between some of the members of the Conference?—A. Between the members of the Conference.

[Col. William I. Gear.]

Q. You mean all the members?—A. Yes.

Q. Now, what is the rate upon which one section of the Conference has the initiative?—A. How do you mean?

Q. Just exactly what I ask you. What is the rate upon which one section of the Conference has the initiative?—A. We have no name for it.

Q. Are there not certain rates upon which the Canadian members of the New York Conference have the initiative?—A. On certain Canadian goods.

Q. What do you mean by "have the initiative?"—A. That they will mention to the Conference what they think ought to be quoted on a certain line of goods.

Q. That they will mention to the Conference what they think ought to be quoted on a certain line of goods, and the Conference approves or disapproves?—A. Not necessarily. We might require the Conference to quote the rate.

Q. That is, rates upon which you have the initiative, you might require the other members to quote the rate?—A. Yes.

Q. And they have to quote it?—A. Yes.

Q. That is the proceeding with respect to initiative rates?—A. Yes.

Q. And can you name to the Committee the articles upon which the Canadian section have the initiative?—A. I will get that for you.

Q. You can get it again. There are about three of them, I think.—A. Deals is one, and a couple of others.

Q. Those are all the rates upon which the Canadian Conference have the initiative?—A. Yes.

Q. What do the words "promulgating a rate" mean?—A. Issuing it.

Q. Is that a substitute for "fixing?"—A. No, issuing.

Q. How do you promulgate then?—A. Well, the different offices, I presume, have different ways.

Q. I have never been able to find one promulgated by an office, but I find the Conference continually promulgating rates, and I want to know what it means?—A. It simply means issuing the rates.

Q. The Conference issues the rates?—A. Yes.

Mr. ATWATER, K.C.: Publishes them.

By Mr. Symington, K.C.:

Q. Now, Colonel Gear, rates are fixed at the meetings of the Conference—of the North Atlantic Conference—which meet every month in New York and once or twice a year in Montreal?—A. Yes.

Q. And they issue large tariffs covering every commodity?—A. Yes.

Q. Headed "strictly private and confidential?"—A. Yes.

Q. And those rates govern the rates upon those commodities crossing the Atlantic Ocean with all the liners who are members of the Conference?—A. Yes.

Q. There is a Rate Committee in New York of the Conference Committee?—A. Yes.

Q. And every few days a wire will be sent to the Canadian Liner Committee in Montreal, telling them of any change in rates that the New York Conference has made?—A. The New York Conference cannot make a change without consulting with the members in Montreal.

Q. The New York Conference, subsequent to the issuing of the general tariff, issues from time to time, supplements which they mail to the Liner Committee in Montreal?—A. Yes.

Q. And those rates set forth in the supplement govern, the same as do the original ones?—A. Yes.

Q. The supplements are only issued, are they not, after they have been arrived at?—A. Agreed upon.

[Col. William I. Gear.]

Q. Is it not a fact, Colonel Gear, that no rate can be changed without the unanimous consent of the members?—A. Yes, sir.

Q. The membership of the Atlantic Conference is predominantly American?—A. I do not know as to that.

Q. You must know; you have been at the meetings. I do not want to delay the matter; all you have to do is to look at the attendance?—A. Yes, but many of them are British ship-owners.

Q. But do the British owners come over to attend these meetings?—A. No, but their representatives are there.

Q. I produce to you Exhibit No. 16 G, Colonel. If you will look at the attendance of the meeting, will you say to the Committee whether or not the predominant attendance at this Conference is American?

Hon. Mr. STEVENS: Mr. Symington, is that a list of the members of the Committee?

Mr. SYMINGTON, K.C.: The attendants of the meeting, representing the various lines.

Mr. ATWATER, K.C.: What are you showing him now?

Mr. SYMINGTON, K.C.: Exhibit No. 16 G, the minutes of the Conference.

The CHAIRMAN: Pages 28 to 31.

Mr. MONTGOMERY, K.C.: There is a list there filed as a separate Exhibit.

The WITNESS: That is a Passenger Conference.

Mr. SYMINGTON, K.C.: Well, we will take the other one; it does not make any difference. I show you then Colonel, Exhibit No. 11, pages one to 136, the North Atlantic U. K. Freight Conference?—A. Yes. I think American predominates.

Q. Then supposing the Canadian Committee want to change a rate they submit it to the Conference in New York and if the Conference all agrees that becomes the rate. If they do not it does not?—A. Yes.

Q. Now, Colonel, turning to your evidence page 364 of the typewritten copy you stated that the Conference arose out of conditions of rates prior to its formation, which was forcing shippers out of business?—A. Yes sir.

Q. And I suppose that as a result of the Conferences then the shipping lines were not forced out of business?—A. Some of them had been forced out of business.

Q. I say as a result of the formation of the Conference they were saved, those who had not already gone out of business?—A. Yes, you might say so.

Q. And were saved by of course the rates which the conferences were able to put in with respect to the goods carried?—A. Yes sir.

Q. And you rather left the impression, I thought, Colonel, that there had been, by reason of this unfortunate condition where rates were not fixed by the Conference, a considerable diminution in the shipping on the St. Lawrence?—A. There was a diminution of a character. As to the diminution of the shipping I would require to look up the records.

Q. Take it first as to the boats, was there a lessened number of boats by reason of that?—A. I would require to look up the records.

Q. You made a statement to the Committee that this was the result and the reason the Conference was formed was that these boats were having to withdraw?—A. As I stated the character changed but I would require to look up the record for tonnage.

Q. Do you now wish to say to the Committee that shipping had not declined and did not decline because of the lack of the Conference?—A. My statement, as I made, stands.

[Col. William I. Gear.]

Q. Well, I want to get an explanation from you. Was one of the reasons justifying the formation of this the fact that lines were being forced out of the St. Lawrence route?—A. Some were forced out; others would have been forced out if there had not been a change.

Q. What years would this be in, Colonel?—A. Prior to 1900.

Q. Well I had the opportunity of getting the advertisements of that day with respect to those lines and I find that there were a good many more lines in the St. Lawrence trade in 1898, 1899 and 1900 than there are now?—A. Very possibly.

Q. So that apparently the lack of a conference did not drive lines out of the St. Lawrence route, did it?—A. It depends altogether on the nature of the business.

Q. I am trying to get your justification for the formation, which I understood was the main one you gave.—A. The reason was we were losing money and, as I stated in my statement, the conference was formed to try to save the situation.

Q. To save which situation, the diminution in boats or to make more money?—A. To save losing money.

Q. To save losing money. So that the factor which you introduced, namely, which would be a certain one, that if there were not conferences shipping would decline, was not demonstrated in that period was it?—A. I think it was.

Q. Can you say to the Committee it was?—A. I say so now.

Q. I find, for instance, Colonel, that in 1898 the Dominion Line advertised fifteen ships; the Beaver Line, seven; the Dean Line, I think it is, twelve; the Donaldson Line, nine; the Thomas Line, eleven; the Allan Line, seventeen; the Dominion Line, five; the Johnson Line, five; the Hamburg-American Line, two; the Furness Line, also, the number is not given. How many did not advertise, I do not know, but the total advertised was ninety-five liners. There are not that many to-day, are there?—A. I have no definite information until I look up the record. Would you mind giving me the date of the sailings of the ninety-five vessels?

Q. 1898 was the year they were advertised in your Montreal paper?—A. But the dates of the sailings.

Q. I have not got the dates of the sailings. I am talking about the boats which were in the service in the St. Lawrence route and that continues throughout.—A. I would like to have the sailing dates of all those steamers.

Q. We are not discussing sailing dates.

Mr. MONTGOMERY, K.C.: We cannot tell whether they were the same boats or not.

Mr. SYMINGTON, K.C.: I have given the Colonel a list of the Lines which advertised in Montreal papers, that they had this many boats sailing on the St. Lawrence route.

Mr. MONTGOMERY, K.C.: I never saw such an announcement.

Mr. ATWATER, K.C.: Where did you take it from?

Mr. SYMINGTON, K.C.: I will get all the information for you. You need not worry. Are you suggesting it is not right? The Chairman has seen it. He will tell you whether it is right or not.

The CHAIRMAN: I have sent to the Library for the issue of the Gazette, if these were taken out of this report.

Mr. ATWATER, K.C.: Perhaps we could get the date of the sailings.

The CHAIRMAN: Yes, we will get the date of the sailings. It is all in the advertisement.

By Mr. Symington, K.C.:

Q. I show you the Annual Report of the Harbour Commissioners for the years 1907 to 1916, which include this period, both before and after the Conference. Do you see any marked diminution in ships there?—A. No, sir.

Q. No diminution and no increase?—A. Not much.

Q. Then, Colonel, you said that the shippers appealed to you to form boat rates which would be firm for a period. That is your language. "I was personally appealed to by some of the shippers to quote rates which would be firm for a period." Is that correct?—A. Correct.

Q. Did they ask you to form a rate fixing monopoly?—A. They did not ask us to form rate fixing monopoly. We have not got one.

Q. What shippers asked you to fix those rates?—A. My memory is not good enough for all of that.

Q. Since that time, of course, the rates have been fixed by the Conference, as you have told us, irrespective of the shippers altogether?—A. Yes.

Q. Will you speak, because the reporter cannot see you nod. The witness nodded "yes." At page 367 of your evidence you say "the rates as agreed upon are made effective for a certain period subject to individual notice of change."

The CHAIRMAN: Your paging is not the same as the Colonel's so it is hard for him to follow.

Mr. SYMINGTON: This is page KK-4.

The CHAIRMAN: I will find it and show it to the Colonel.

Mr. SYMINGTON, K.C.: Perhaps the Colonel had better use your copy to save time.

The CHAIRMAN: Yes.

By Mr. Symington, K.C.:

Q. Have you got that, Colonel?

The WITNESS: I think I have. What is your question?

Q. I say that you say that the rates as agreed upon are made effective for a certain period, subject to individual notice of change. What you mean is that the rates are made by the Conference and changes are noted to the individual. That is what you mean, is it? The individual lines.—A. Yes, sir.

Q. That is, it is unanimous?—A. Yes.

Q. And then the notice is given by the New York Conference to the individual lines that the rate is changed to shippers?—A. Yes.

Q. Now at page KK-5, which is the next page, the Colonel states there that he conferred with these shippers before fixing the rates sometimes. Have you ever been at a Conference meeting in New York where there was a Conference with the shippers about what the rates should be?—A. Personally, no.

Q. Have you ever known of anybody that was?—A. Yes, some of the New York lines were.

Q. Some of the New York lines. At a general meeting of the Conference?—A. I think I said yesterday at a general meeting of the Conference there were no—

Q. No shippers represented there? With respect to the Montreal Liner Committee, I asked you about that in passing and you stated that the minutes did not show any of those meetings?—A. No, sir.

Q. The Committees of the Liner Committee may discuss with the shipper the question of the route?—A. Pardon me.

Q. That the Canadian Liner Committee will appoint Mr. Dougherty and somebody else to talk over the route with some shipper or the shipper will ask it and maybe the shippers will ask the whole Liner Committee to meet them. Is that done?—A. At times.

Q. How often?—A. I am not able to say.

Q. Can you refer me to a single instance or is it not shown in your minutes?
—A. We have no minutes but I personally attended them at certain periods.

Q. You have minutes because I have them here.—A. There are no minutes of our meetings with the men, so far as I know.

Q. Is there a route fixed at your conference or do you subsequently decide upon what course you will take and then take it up with New York?—A. Sometimes we consider the application in the general meeting and take it up afterwards with the Liner Committee.

Q. In New York?—A. In Montreal.

Q. And the Liner Committee then takes it up in New York?—A. If they wish to.

Q. They may not consider the request is reasonable. If a change is to be made they take it up there?—A. Yes.

Q. So that any change made in that method will be reflected in the Minutes of the New York Conference?—A. It may not be reflected in that way.

Q. Would it not indicate that the Canadian Committee had felt that the rate on butter was too high or too low?—A. No.

Q. Is that the way the discussion takes place in New York?—A. In what way?

Q. That a representation of that kind is made by the Canadian Committee?—A. Yes.

Q. And they consider it and say yes or no?—A. The meeting makes the necessary decision.

Q. Otherwise it is passed?—A. Otherwise it is passed.

Q. Then at the next page, KK-6, the Chairman tried to ask a question but it was decided to leave it and I want to ask you: What mental processes do you go through in New York in fixing these rates?—A. Will you make your question a little clearer.

Q. On what plan do you make them?

By Sir Henry Drayton:

Q. What consideration do you give to the matter?—A. Every consideration is given to a subject that is submitted.

By Mr. Symington, K.C.:

Q. Well, there was a large voluminous commodity list issued and it is issued every year, prepared, as far as I can find from these proceedings by a rate Committee in New York and subsequently submitted to the Conference in New York, who adopts it and these become the rates. That is right is it not?—A. That is correct.

By Sir Henry Drayton:

Q. What is the basis of following that up?

By Mr. Symington, K.C.:

Q. Exactly. What is the basis of the rate?—A. The basis of the rate is the question of the space taken up on the boat in comparison with the dead-weight, its value and what we think the article will stand and not prevent its export.

Q. Have you ever served on one of these committees?—A. No Sir, not that I could recollect.

Q. Do you know who has, because in the original committees I have not yet found a Canadian. I mean in the committees now, understand?—A. Yes, I don't know.

Sir HENRY DRAYTON: Would you like a little more information as to how those are codified, as to how they are classified and codified?

Mr. SYMINGTON, K.C.: They are here. We will produce them.

Sir HENRY DRAYTON: As to the rates.

Mr. SYMINGTON, K.C.: We will produce them.

Sir HENRY DRAYTON: I presume he does not know.

Mr. ATWATER, K.C.: I think we can get the information better by another witness.

By Mr. Symington, K.C.:

Q. At the next page, Colonel, page KK-7, when you are discussing the provision that one of the objects is to prevent a new rate being quoted by a line without old lines being aware of it, and having the opportunity of making the same rate to their clients you say:—

“Any fair minded man will see without this provision the lines in the trade have no protection against the absolute demoralization of rates that we had periodically prior to 1902—”

Does that mean the reduction of rates?—A. It means that we would have another rate war.

Q. Which means, I assume, from your argument here, that rates would decline but for the Conference?

Mr. ATWATER, K.C.: Read the whole of the statement.

“—that we had periodically prior to 1902 with consequent reduction in service, and probably elimination of all but the strongest lines.”

The WITNESS: Rates would decline.

Mr. ATWATER, K.C.: And consequent reduction in service?

By Mr. Symington, K.C.:

Q. At the next page LL-1, you took exception to the statement of the Speaker in the House that if any line withdraws, that the other lines attempt to put them out of business,—have you ever known in your experience, Colonel, of a line withdrawing from the Conference trying to operate on this route?—A. No, I do not know of any.

Q. No. Have you known of lines trying to operate who were not in the Conference?—A. Yes.

Q. Name one, will you please, or perhaps I will suggest it to you. You know the Reardon-Smith Line?—A. I was going to mention it. They were the last.

Q. The Reardon-Smith Line had liners which ran a regular service across the Atlantic?—A. From New York.

Q. From New York or American ports, and what did the Conference do about that?—A. You would get that information better from a party who was present at the meetings; I was not.

Q. But you saw all these inter-communications?—A. No, I did not see them all.

Q. You saw some of them?—A. Very few.

Q. Have you not seen lots of wires that the New York Conference wants to quote a rate considerably below the Conference rate because Reardon-Smith will get the business, and Conference lines will not allow that, and for that purpose that rate is reduced. You have seen loads of those, have you not?—A. I have not seen loads; I have seen some.

Q. Several?—A. Some.

[Col. William I. Gear.]

By Sir Henry Drayton:

Q. Is there any doubt that the Conference would meet the competition?—

A. No, they meet it.

By Mr. Symington, K.C.:

Q. That is, they meet it by putting in a rate for five days?—A. That is correct.

Q. To meet that particular shipment on that particular line, and then the rate automatically goes back to the standard?—A. Not necessarily. I again request that you get that information from a party who was present.

Sir HENRY DRAYTON: Mr. Symington, is there a similar case in Canada?

Mr. SYMINGTON, K.C.: I do not know of any non-liner line that runs to Canada. I asked that, and he said they all belonged.

Sir HENRY DRAYTON: Or one that tried to run.

By Mr. Symington, K.C.:

Q. Do you know of one that tried to run?—A. No, I do not.

Q. The reason I am trying to bring this out is because, after looking through these minutes, it struck me as rather important for the committee to know the effect of a line running outside the Conference, and I asked you what was the effect with respect to rates in the line in which they are running; they were automatically reduced from time to time in order to meet that competition?—A. I understand the rates were reduced from time to time to meet the competition, but they were never cut below the rate that the other line was quoting, and naturally if a line came into Montreal the same conditions would exist.

Q. The same conditions would exist. Very well, I am quite satisfied with that. Then at page LL 2, you say, "Grain, flour and cattle are absolutely open."—A. You have not read it all, sir.

Q. "Furthermore, in the list of eastbound rates promulgated by the North Atlantic Conference, no rate or agreement is made in respect to grain, flour or cattle, these rates being absolutely open."—A. That is correct, as far as the North Atlantic Conference is concerned.

Q. Do you think the Committee understands the situation with that statement?—A. That is a clear statement of fact.

Q. And you think the Committee know all they should know about the open rates?—A. I could not say.

Mr. ATWATER, K.C.: What is it you would suggest?

Mr. SYMINGTON, K.C.: I will get it from the witness.

By Mr. Symington, K.C.:

Q. Just let me ask, when did they become open?

The CHAIRMAN: Flour, wheat and cattle?

By Mr. Symington, K.C.:

Q. "Grain, flour or cattle," he says?—A. I cannot remember cattle ever being in the Conference.

Q. Yes.—A. Grain has certainly not been in the Conference for some years.

Q. About three?—A. I do not know; it is some years.

Q. I think I can inform you on that. Yes?—A. And flour since early last spring.

Q. Since early last spring. That was following the sitting of the Imperial Ring?—A. No sir, before.

Q. Now an open rate, you mean by your statement that the North Atlantic Conference in New York does not fix rates on these commodities?—A. Correct.

Q. But follow me and see if I have deduced properly what does happen. The Canadian Liner Committee, being all the members of the lines trading from Canada eastward meet and decide what these rates will be?—A. Yes sir.

Q. And they immediately notify by wire New York and the other sections of the Conference what rates they have fixed?—A. No sir.

Q. No? Are you sure?—A. Not always, as far as my knowledge goes.

Q. They are supposed to, are they not?—A. They never, as far as I know, advise at all on grain, and I do not think they ever do on cattle.

Q. I am speaking particularly of grain now, I think, if my recollection serves me. They meet and they—

The CHAIRMAN: "They?"

By Mr. Symington, K.C.:

Q. The Canadian Liner Committee meet and notify, as I read the arrangement made, the other districts what rates they have fixed.—A. I do not think so. If they do, I do not know it.

Q. At any rate, I refer to the minutes, and the Canadian Liner Committee, being all the liners trading from Canada, do meet and fix rates?—A. Yes.

Q. And that is what you mean by an open rate?—A. Yes.

Q. And that applies to flour and to cattle?—A. Not to cattle.

Q. That is, the Canadian Liner Committee does not fix cattle rates?—A. No.

Q. Never has?—A. They might have some time or other, but they do not do it now.

Q. Since when?—A. I do not know.

Q. How recent is that?—A. I am not prepared to say.

Q. It is recent, is it not?—A. I do not think so.

Q. When was the \$20 cattle rate fixed, and who fixed it?—A. I would think the \$20 cattle rate was in operation most of last summer, and as far as our lines are concerned I had to do with the fixing of it.

Q. And did you meet the other lines?—A. I did not.

Q. You just promulgated the rate yourself?—A. In talking with my seniors, I agreed to the rate.

Q. And who fixed the \$25 rate, when it existed?—A. I think I had a hand in that, too, if you are now referring to any of our ports.

Q. And the \$40 rate?—A. That may have been fixed by my Chief of Staff.

Q. But it was not fixed by the Canadian Liner Committee, any of these rates?—A. Not so far as I know.

Q. I cannot check you at the moment, but I think I will later.

Mr. ATWATER, K.C.: The \$40 rate was during the war.

Mr. SYMINGTON, K.C.: No, subsequent to the war.

By Mr. Symington, K.C.:

Q. Now, Colonel, you go on and discuss the various merits of this system, with the operation of the system, in the same language in which it is disclosed in the reply. Now, in connection with regularity of service, would you mind looking at the advertisement which the Chairman has brought in, and say whether the Conference has brought in any greater regularity of service than existed before its formation?

Mr. MONTGOMERY, K.C.: Would you give us the date of that Gazette, Mr. Chairman?

[Col. William I. Gear.]

The CHAIRMAN: May 16th, 1898, and the columns are intituled "Ocean Navigation."

Mr. ATWATER, K.C.: Are those pasenger sailings, or both?

The WITNESS: Mixed. I have no comment to make.

By Mr. Symington, K.C.:

Q. I see by the Reply of the steamship companies that this is predominantly a passenger route?

Mr. ATWATER, K.C.: What is.

By Mr. Symington, K.C.:

Q. On page 4 of the Reply.

"In the North Atlantic trade, sailings are regular, the boats are of the highest class: the rates uniform and fairly stable. The dominant importance of this trade is the passenger traffic."

A. What is the question?

Q. Do you agree with that?—A. I guess about 50-50.

Q. I am not trying to hold you responsible for the Reply, Colonel. I just want to know whether you agree that the dominant importance of the North Atlantic trade is the passenger traffic.—A. If you will eliminate the tramps, yes.

Q. And if there is a traffic which is predominantly passenger, that insures regularity of service, does it not?—A. It does. One moment; the freight lines also give regularity of service.

Q. Now, can you tell the Committee why, in a route predominantly passenger in importance, and in a freight route or mixed route, why the existence or non-existence of a Conference will stop a regular service, or do you prefer to rest upon that advertisement in the paper?—A. The main passenger lines, under steamers carrying passengers, also carry cargo, and the sailings of these steamers are adjusted to suit the freight requirements of the trade, and not the passengers.

Q. You mean the non-pasenger boats?—A. No sir, the passenger boats.

Q. Well then, does that indicate that the passenger traffic is not of predominant importance in this trade?—A. Oh no, but the fixing of the sailings is the requirement of a regular service for the freight business of the country.

Q. I was noticing, Colonel, in the Imperial Shipping Ring matter, that they took the view that the North Atlantic trade being so predominantly passenger, as an incident to the passenger route, regularity of service and class of ships existed.

The CHAIRMAN: I did not hear whether the witness answered that question yes or no.

Mr. SYMINGTON, K.C.: He nodded yes.

The WITNESS: No, I did not. I started to answer, and you shut me off.

Mr. SYMINGTON, K.C.: I beg pardon; I would not think of doing that.

By Mr. Symington, K.C.:

Q. I say I noticed in the Imperial Shipping Ring discussion of the matter they state that in the North Atlantic, which was predominantly passenger, regularity of service and class of ships were largely secured by that means.

Mr. MONTGOMERY, K.C.: Have you the reference to that?

Mr. SYMINGTON, K.C.: No, I have not.

The WITNESS: That class of trade does very considerably increase the betterment of the steamers in the trade, but the sailings of the steamers, the number of days of departure, are especially made to suit the freight part of the business.

By Mr. Symington, K.C.:

Q. Well, if they are passenger liners, they sail at fixed dates, do they not?—

A. They do, and the dates are selected to suit the freight men.

Q. Then the next advantage you have is the greater security to capital. That is at page LL-3. "Greater security of capital." What you mean is that the Conference system which is run as you have described, provides greater security to capital?—A. Because it encourages capital to invest in tonnage, and thereby give a regular service, and if they had not the security they would not do so.

Q. I am not disagreeing with you, Colonel; in fact, I absolutely agree with you, that if you have a Conference fixing rates in this way, there is a greater security to capital. I quite agree. That is your view?—A. That is my view.

Q. Then at page MM 1 you give a list of further advantages, "cargoes delivered in better order" and so on. Can you tell us why that cannot be done, whether these liners are in or out of a Conference?—A. There is a greater feeling of security on the part of shippers in using a passenger liner.

Q. My question was, can you tell me why the cargo cannot be delivered in just as good order, whether the liners belong to the Conference or not?—A. Because the construction of a passenger boat is such that it enables a cargo to be stowed with less likelihood of breakage.

Q. I say, why cannot that be equally so whether these boats belong to a Conference or not?—A. Oh, as far as that goes, equally.

By Hon. Mr. Stevens:

Q. Mr. Symington, a very interesting matter just comes in under that heading, and if you do not mind I would like to ask a question. I base the question on this, a particular incident arising at Vancouver a few years ago. A tramp brought in a cargo of tea and it was very seriously damaged, but the ship got away before there was a final adjustment, and it was impossible to libel the ship in order to protect the shipper. I am speaking now from the shipper's interest only. I would like to ask Colonel Gear, if I might, in connection with liners such as the ones we are dealing with now, if a ship left port and there was later cause or desire to libel that ship for some alleged damages in connection with a suit, could a shipper secure recourse against the company? For instance, could he have as security other ships of that line which might be running into that port, although this individual ship was withdrawn?—A. They could if the company that owned the ship—I will say if the holding company that owned the ship, did not have separate companies for each vessel.

Hon. Mr. STEVENS: I notice my friend smiling a little and I suppose the suggestion is that I am seeking to interject something of a foreign character into this. I am not doing anything of the kind. I consider this one of the most important features of the question of protection to shippers. I am sure Mr. Duff will agree that the difficulty is how best to secure the shippers. My point is, is the shipper better protected if his cargo goes in regular liners than if it goes in individual ships?

The WITNESS: Yes.

Mr. SYMINGTON, K.C.: You will understand, Mr. Stevens, that I was not comparing it with tramps. I was asking why, if liners ran as liners in or out of the Conference, there would be any difference. I referred to one of the things you just mentioned—why the fact that they are in the Conference makes them any different than if they are out?

Hon. Mr. STEVENS: Supposing you bring out the point as to whether there is better security for the shippers. Let us think of the shippers for a moment if the witness has an opinion on that.

[Col. William I. Gear.]

Mr. SYMINGTON, K.C.: As between the liners in and out of the Conference?

Hon. Mr. STEVENS: Yes, as between the liners in and out of the Conference, or tramps.

Mr. SYMINGTON, K.C.: I think everybody will agree as to the tramps, but as between liners running in or out of the Conference, I wanted to find out if it would make any difference.

The CHAIRMAN: I think the witness said they were equal, if I recollect correctly.

By Mr. Symington, K.C.:

Q. Then, as a further argument, Colonel, at the next page, MM-2, you say that complaints come from foreign buyers if sales to them do not happen to be made on the lowest basis of cost and freight, as a reason for the existence of these rates, and under "D" you say that they buy from hand to mouth in rate-cutting times?—A. Yes, sir.

The CHAIRMAN: May I suggest a question before we proceed further on that?

Mr. SYMINGTON, K.C.: Certainly, sir.

By the Chairman:

Q. Are the owners of ships belonging to the Conference trading out of Montreal following the procedure of having each ship a separate company?—A. Is that a question to me?

Q. Yes, sir?—A. Probably some lines have, and other lines have not.

Q. Could you indicate which lines have, and which lines have not?—A. I cannot say which lines have not, but the Cunard Line is a large company running steamers; the White Star is another large company—

Q. But which companies have followed the plan of incorporating a special company for each individual ship?

Mr. ATWATER, K.C.: Similar to the Canadian Government Merchant Marine.

The WITNESS: I was just going to say the only one I know about is the Canadian Government Merchant Marine.

Mr. SYMINGTON, K.C.: We are not worrying about the security of that, Mr. Atwater.

By Mr. Symington, K.C.:

Q. At page MM-2, Colonel, you were suggesting that the buyers complain that they did not get their goods at lowest rate when there was a rate war?—A. Yes.

Q. And that they bought from hand to mouth?—A. Yes.

Q. It has been suggested to me that in the case of a rate war, the shipper prepays the freight, and quotes a rate to the purchaser?—A. That is quite possible.

Q. And of course it is better for them to complain than not to buy at all? Is that it?—A. I presume so. That depends on whether they want the goods or not.

Q. Then you say, "It is to the interest of the lines not to charge rates detrimental to the shippers?"—A. Yes, sir.

Q. But necessarily a clash of interests arises, does it not?—A. There is a clash of interests, but there is also a community of interests.

Q. Well, in the case of a clash, who settles it?—A. Oh, I suppose, the steamships.

Q. Let me remind you of an unfortunate situation—because I have it in mind—that existed for many years with respect to flour. You know that for years the Canadian liners maintained a higher rate on flour to the Old Country than from the American ports, do you not—A. At periods.

Q. Throughout a considerable number of years, and in the face of great opposition?—A. At periods, yes, but now it is not the same.

Q. No, now it is not. There has been a good deal of trouble arising from that?

Mr. ATWATER, K.C.: How long ago?

Mr. SYMINGTON, K.C.: I will give you the full details if you like.

By Mr. Symington, K.C.:

Q. And not only that, but they arranged with the New York Conference that no American vessels would take Canadian flour at as low a price as that for which they would take American flour, but they would charge the prices that the Canadian liners wanted to charge?—A. That is correct.

Q. So it could hardly be said that the intereseets of the two were at one there, could it, Colonel?—A. There were conditions which warranted the action of the Canadian liners.

Q. What conditions would justify a discrimination against a Canadian miller—a discrimination of that character?—A. The question of exchange, at that time.

Sir HENRY DRAYTON: But in New York how could there be any justification there?

Mr. SYMINGTON, K.C.: Yes, that is it exactly.

By Mr. Symington, K.C.:

Q. You say the question of exchange came in?—A. That was one of the items which had to be considered.

Q. The rate was quoted in Canadian money; it was not quoted in Sterling. My recollection is that the periods—and I will give them to you before we are through as far as I can get them—my recollection is that during certain periods the rate from New York would be 21 cents, and from Canada would be 26 cents, or even more?—A. I do not think there was that much difference.

Q. Yes, we got one of those in '15 and '19, as the Chairman says, and it was not Sterling, it was cents?—A. But the exchange from Montreal and the exchange from New York at that time, made quite a difference.

Q. You were paid in Canada with Canadian money?—A. Yes, but there was an exchange between New York and Montreal.

Q. What had that to do with it?—A. It had a great deal to do with it.

By Sir Henry Drayton:

Q. But if you had two bags of flour in New York, one Canadian and one American, how can there be any justification for a higher rate in Canada? It has been done, I know, but in my opinion, it was a grave mistake.

Mr. SYMINGTON, K.C.: As a matter of fact—

By Sir Henry Drayton:

Q. Is there any question about that being stopped and staying stopped?—A. We have stopped it, and it stayed stopped.

By Mr. Symington, K.C.:

Q. But what has not been stopped—and there may be a perfectly good answer for this, and I do not want to discuss the merits of it now—is that in

[Col. William I. Gear.]

the United States to-day by virtue of the intervention of the Shipping Board there is a differential on flour over wheat in goods shipped from the United States, is there not?—A. In point of an order, yes, but in point of operation, no; it is ignored.

Q. The minutes of the New York Conference do not seem to indicate that it is ignored?—A. It is absolutely ignored.

Q. But I think the Conference told the members who sat in with them that it was not ignored, and although they told them that, it is ignored?—A. It is ignored.

Sir HENRY DRAYTON: Will you just enlarge on that, Mr. Symington?

Mr. SYMINGTON, K.C.: The American flour millers represented to the Shipping Board that they were being discriminated against with respect to the old United Kingdom and other millers, because there was no differential that previously existed between the rates on wheat and flour.

Sir HENRY DRAYTON: Are you speaking of the ocean rates?

Mr. SYMINGTON, K.C.: Yes.

Sir HENRY DRAYTON: The miller is always hurt by a differential.

By Mr. Symington, K.C.:

Q. They fixed a five-cent differential?—A. Yes.

Q. And it got away beyond what it was in this country—too high; well, perhaps not too high, but beyond what it was in this country?—A. The differential to-day in New York is probably more than it is in Montreal.

Q. And as a result of that, the Shipping Board sent representatives to the Conference, and through those representatives they told the Conference they wanted this differential fixed, did they not?—A. I don't know.

Q. You were not there?—A. No.

Q. Some Canadians were there?—A. May have been; I was not.

Q. Do you know anything about the fixing, then?—A. I know that President Wilson instructed the Shipping Board to issue a notice of the five-cent differential just before he ran for the presidency, and thereafter it became obsolete.

Q. Perhaps we can put in the minutes that the millers pressed for a differential, and it was refused?

Sir HENRY DRAYTON: They do not want the differential; they want to get wheat and flour moving as soon as they possibly can.

Mr. SYMINGTON, K.C.: I do not think so. They want a smaller differential.

Sir HENRY DRAYTON: They want a smaller differential, but none at all if they could get it.

By Mr. Symington, K.C.:

Q. But the fact is that according to the regulations of the Shipping Board, and according to the regulations of the North Atlantic United Kingdom Conference, there is a differential between grain and flour from the United States to the United Kingdom, but not from Canada?—A. The differential is not recognized—

Q. It is recognized by the Conference. Whether it is followed or not, it is recognized?—A. It is officially recognized, but not followed.

By the Chairman:

Q. Colonel, you think it is a rule honoured more in the breach than in the observance?

[Col. William I. Gear.]

Mr. ATWATER, K.C.: Entirely in the breach.

The WITNESS: Altogether in the breach.

Hon. Mr. STEVENS: Perhaps I may be dense, but I would like to know what point we are trying to establish.

Mr. SYMINGTON, K.C.: The point I was getting at is that these rates fixed by the Conference discriminate against Canada.

Hon. Mr. STEVENS: I understood that to be asserted, but how, in what way, and to what extent?

Mr. SYMINGTON, K.C.: We will have to show the flour rates.

By Mr. Symington, K.C.:

Q. There is no discrimination, if you say it is treated as a dead letter, but, thereafter, as a basis of the differential, they did provide for a difference between Canadian ports and American?—A. I do not think the Conference ever passed that regulation.

Mr. SYMINGTON, K.C.: We will have to give you the minutes.

Sir EUGENE Fiset: What is it now?

Mr. SYMINGTON, K.C.: Five cents a hundred.

The CHAIRMAN: What is the differential in Canada?

Mr. SYMINGTON, K.C.: I am having a sheet prepared and will let you know about it.

Mr. MONTGOMERY, K.C.: You might ascertain what it is to-day in practice in New York and Montreal.

Mr. SYMINGTON, K.C.: I will try to. The flour people will tell us about that with a good deal of indignation.

Hon. Mr. STEVENS: As a matter of fact, it is one of many complaints, and we ought to clear that up while we are on it.

Mr. MONTGOMERY, K.C.: For your information, I might say that the differential on to-day's market—to-day—is $12\frac{1}{2}$ cents in New York, actually in operation.

Sir HENRY DRAYTON: From where did you get that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: One of the gentlemen here gave it to me. It is the difference between $7\frac{1}{2}$ cents and 20 cents.

Sir HENRY DRAYTON: Mr. Symington might check that up.

Mr. MONTGOMERY, K.C.: The rate on grain is $7\frac{1}{2}$ cents, and on flour is 20 cents; that makes a difference of $12\frac{1}{2}$ cents.

Sir HENRY DRAYTON: That is a tremendous difference.

The WITNESS: That is the New York rate.

By Mr. Symington, K.C.:

Q. Now, Colonel, at page MM-3 of your evidence, at the middle of the page, you said there that you deny any control by the New York Conference. We have dealt with that, already. Then you say: "We sit in New York with representatives from all other Atlantic ports, and I can, from personal knowledge, say that the products and manufactures of Canada have always been jealously protected and the St. Lawrence gateway kept on an equal footing with any other port." You have that, have you, Colonel?—A. Yes.

Q. Well, we have discussed flour on that subject, of course. Now, can you tell me why when the British port—whatever it was; a war port or a shipping port—had control of rates and were wiring out here to your Committee and to New York, that you fixed rates from Canada higher than from

[Col. William I. Gear.]

the United States, charged during the war?—A. I was not in charge at that time. I was building ships in Ottawa, working for the Government.

Mr. SYMINGTON, K.C.: I was discussing the statement of the Colonel that they had always protected the St. Lawrence rate, and kept it on an equal footing, and I was asking him why, during the war when the British Ministry were fixing rates, and were wiring out to the Canadian Liner Committee, and to New York arranging these rates, he fixed a higher rate from Canada than from the United States.

The WITNESS: I was in Ottawa at the time.

By Mr. Symington, K.C.:

Q. You cannot answer that?—A. No, sir.

Q. Can you, as a shipping man, from your experience, give us any justification for that?—A. I do not know the first thing about it; I was in Ottawa.

Q. I ask you to accept for a moment that as a fact. Can you, as a shipping man, now give a justification for it?—A. I have no opinion to offer.

Q. I would like you, as an expert, to give us your opinion?—A. I have no opinion to offer as of war-time.

Mr. MONTGOMERY, K.C.: Is it a fact?

Mr. SYMINGTON, K.C.: Yes.

By Mr. Symington, K.C.:

Q. How does that jibe with your efforts to keep it on an equal footing?—A. I refuse to say anything about the war period.

Q. You cannot tell the Committee, as a man of great experience in shipping, why you think the Liner Committee, although in your absence, or the North Atlantic Conference, in your absence, should have fixed the rates higher from Canada than the United States?

Mr. ATWATER, K.C.: At what period was that?

Mr. SYMINGTON, K.C.: I will give that to you—

Mr. ATWATER, K.C.: I may say, Mr. Chairman, as perhaps the witness, Colonel Gear, may be too modest to tell it himself, that for a period of two or three years while the war was on he gave up his personal shipping business to come here and attend to the interests of the Imperial Government, and of the Canadian Government in connection with the building and superintendence of the steamships that were being operated on behalf of Great Britain and the Allies. So that for the period during that time, you could understand that Colonel Gear would probably say that he has no personal knowledge.

Mr. SYMINGTON, K.C.: I quite accept the Colonel's statement, with all credit to him. I asked him, as a practical man, to give us his opinion on that. I am not suggesting that the Colonel was not doing exactly as he should, but I was asking, as a matter of theory, why they did that.

By Mr. Symington, K.C.:

Q. You cannot answer that?—A. No, sir.

Mr. SYMINGTON, K.C.: I will get you those figures, Mr. Atwater, in due course. My recollection is that they were five shillings over.

By Mr. Symington, K.C.:

Q. I am trying to check their rates and am asking why their rates are higher from Canada than the United States. That is all. Then at page NN-2, you tell the Committee that so far as the Canadian trade is concerned, the trade in which you are so vitally interested, the Canadian Pacific Railway

[Col. William I. Gear.]

statement just published comments on other steamers' low earnings. Do you know what the profits of the C.P.R. were on their ocean service last year.—A. I do not.

Q. You are not suggesting to the Committee that they did not make profits? —A. Oh, no, I know nothing about them.

Q. You know nothing about them?—A. No.

Mr. ATWATER, K.C.: He says where he got his information.

Mr. SYMINGTON, K.C.: Yes, I see he says where he got his information.

Q. I find on reference to that report that the net earnings from the ocean and coastal steamship lines for 1924 were \$3,630,000.

Mr. ATWATER, K.C.: May I ask what you are reading from?

Mr. SYMINGTON, K.C.: From the Annual Report of the Canadian Pacific Railway, 1924, the same as the Colonel has.

Q. Do you know whether that is an adequate profit?—A. I do not, Sir. I do not know anything about it.

Q. So, in any event, as far as that remark is concerned you know nothing about what they are?—A. No.

Q. Then you refer to the Cunard Liners. You will know more about that, that they put on the St. Lawrence route the Caronia and the Carmonia. Do you know why they were put on the route?—A. Largely at our request.

Q. These boats carry and are fitted to carry large numbers of immigrants? —A. Yes.

Q. When the United States closed off their immigration these boats were on hand at Montreal?—A. In what way do you mean?

Q. Their usefulness, so far as United States immigration is concerned, was interfered with.—A. Their usefulness in the port of New York for passenger business was also prominent.

Q. I am asking you if their usefulness as immigration carriers was not considerably interfered with by the United States immigration laws?—A. The United States immigration laws have interfered with all boats going to New York.

Q. That was the reason for the switching of these boats to New York? —A. I cannot say.

Q. And the immigration service to Canada was very disappointing also? —A. It was.

By Mr. Montgomery, K.C.:

Q. Were these the boats that lost £6,000?—A. Yes.

By Mr. Symington, K.C.:

Q. Yes?

Q. From your experience the immigration business was a very profitable business was it not?—A. I cannot say.

Q. You refer to the tramp competition but with respect to tramps they must have a full cargo, must they not?—A. Yes.

Q. And in commodity rates, all package commodities, that is very little protection, is it not? It is very little protection.—A. I hardly follow the question.

Q. I say in commodity rates that is very little protection because there are very few full cargoes of commodities. I mean not grain but other commodities.—A. Tramps do not get package freights.

Q. So that to what commodities is the competition of the tramp limited? —A. Grain, lumber, pulp.

Q. Grain, lumber and pulp?—A. And flour, if they wish to use them.

[Col. William I. Gear.]

Q. And flour if they wish to use them?—A. Yes.

Q. Are all those rates open?—A. Yes, sir.

Q. Are they open because of the competition of the tramps?—A. Not necessarily. They are open rates.

Q. Not necessarily, but I rather gather that this is the reason they were declared open, was it not?—A. No, sir.

Q. Not the reason?—A. No, sir.

Q. What was the reason?—A. It was simply to meet the condition of the markets, the grain markets all over the world and we had to meet the conditions.

Q. This Liner Committee that meets with respect to grain rates, it keeps track of the tramps that are coming?—A. Yes, sir, as far as they can.

Q. And the contracts have been made for delivery so far as they can?—A. Delivery of what?

Q. Delivery of grain on the other side?—A. No. We don't mind that.

Q. The amount coming into the terminal?—A. Yes.

Q. And you fix your rate on grain, this open rate every morning, a minimum rate, do you not, during the season?—A. We fix a minimum rate whether it is every morning or every second day, as the case may be.

Q. And you fix a minimum rate that the liners ask for?—A. That is correct.

Q. Did you name to the Committee the commodities upon which Canada has the initiative?—A. I think we did.

The CHAIRMAN: He named one or two of them, but did not name all.

Sir HENRY DRAYTON: I think there are only three.

Sir EUGENE Fiset: Lumber, pulp, grain and flour.

By Mr. Symington, K.C.:

Q. Deals, was the only thing we got. Do you know the commodities upon which the Canadian liners have the initiative?—A. I do not.

Q. I thought that was very important?—A. Yes, but you cannot keep track of everything.

Q. There are only three.

By Sir Eugene Fiset:

Q. Asbestos, is that one?—A. I cannot tell you.

Q. You cannot tell at all?—A. No.

Sir HENRY DRAYTON: We have a new thing in pulp, opened a moment ago.

Mr. SYMINGTON, K.C.: Yes. I have traced that too.

Sir HENRY DRAYTON: Is that right?

Mr. SYMINGTON, K.C.: Yes. I think New York gave them permission. I will give you the reference. I cannot remember all these things. I have been hurrying through it.

Sir HENRY DRAYTON: So far as pulp is concerned, is pulp a free article?

Mr. SYMINGTON, K.C.: I think it is an initiative rate.

Sir HENRY DRAYTON: Initiative Canadian rate.

Mr. SYMINGTON, K.C.: They fix the rate, wiring New York; as I understand it they must wire New York a day and a night before so that their auditors can be notified to book at that rate.

Sir HENRY DRAYTON: So far as initiations are concerned you were down to deals, pulp, cattle, flour and grain.

Mr. SYMINGTON, K.C.: That is an initiation rate. There is a difference in the terms that they use.

Sir HENRY DRAYTON: A difference in terms?

Mr. SYMINGTON, K.C.: Yes.

Q. Tramps go where rates are favourable, you told the Committee, I think.—A. Yes.

Q. Where they will earn, where they will make earnings?—A. Where they will make earnings.

Q. And they soon smell it out?—A. They what?

Q. They soon find out do they not?—A. They do.

Q. Apparently there has been a considerable increase in tramps on the St. Lawrence route?—A. It was on account of the large movement of grain last fall.

Q. Profitable?—A. Profitable, I have no doubt to the tramp.

Q. Profitable to the tramp but not to the liner. Is that it?—A. It was a good rate, there was nothing to complain about.

Q. No complaint. That is good. Then you referred to a protection that we had at page OO-1,

“At present the world has over ten million tons of surplus tonnage ready to spring into any trade that will show a profit or even a semblance of profit.”

That means that that will not go into the trade until rates go up. Is that it?—A. So far as Canada is concerned there is no relief from that source apparently, with these ships lying in the harbour.

Sir HENRY DRAYTON: You should say “if rates go up or expenses go down,” if expenses go down it is the same thing.

The WITNESS: It is correct, if the rates go up or expenses go down.

By Mr. Symington, K.C.:

Q. Until one of these two things occur we, in Canada, can hope for no relief from that source, the tonnage coming in here?—A. No, I do not think you can.

Mr. ATWATER, K.C.: If you call it relief.

Mr. SYMINGTON, K.C.: And then the minute rates go up, so that all these boats get in commission, then there is a shortage of space.

The CHAIRMAN: A shortage of freight offering.

By Mr. Symington, K.C.:

Q. As soon as the rates go up sufficiently to make it profitable for these boats to operate then there is no surplus of space?—A. I don't understand what you are getting at.

Q. What I am getting at is this—A. I would like to enlighten you if I could.

Q. You may try?—A. Ask the question again.

Q. I will try it another way. You say, we have to safeguard against rates because of the ten million tonnage lying unused?—A. Yes.

Q. And that tonnage will come out as soon as rates go up?—A. Yes.

Mr. ATWATER, K.C.: Or expenses go down.

By Mr. Symington, K.C.:

Q. Or expenses go down. To-day then with the great excess of tonnage, rates are not low, are they?—A. Rates on grain? Very low.

Q. But satisfactory?—A. No.

Q. That seems to be one satisfactory rate, I thought you said a moment ago.

[Col. William I. Gear.]

Sir HENRY DRAYTON: Satisfactory to the tramp, I think you said.

Sir EUGENE FISET: The liners, he said.

The CHAIRMAN: Last fall, I think he said.

The WITNESS: Last fall.

By Mr. Symington, K.C.:

Q. I am not discussing at the moment, when there is very little grain moving. Take last year, because it was a profitable rate and you said it was satisfactory to the liners?—A. Yes.

By Sir Henry Drayton:

Q. How much more were the tramps getting at that time.—A. They were getting about 11d.

Q. 11d more?—A. A quarter, on the average.

By the Chairman:

Q. How many bushels in a quarter?—A. 180.

By Mr. Symington, K.C.:

Q. The reason that the tramp gets more is because it can be diverted, wherever the importer want to send it, is that not it?—A. The tramp can go into the grain market as soon as the freight on grain advanced to a point at which it is profitable, somewhere in the neighbourhood of 3s a quarter and we claim that as soon as that takes place the tramp is a regulator of the rate. We cannot get anything excessive.

Q. Quite so, but I asked you the reason in answer to Sir Henry's question.

By Sir Henry Drayton:

Q. Why do the tramps get a higher rate than you?—A. They get a higher rate on account of being able to go to a range of ports and an increased market.

By Mr. Symington, K.C.:

Q. They will go to any port. Did that condition first, of the tramp carrying more than the liner, ever exist before last year.

Mr. ATWATER, K.C.: Charge more?

Mr. SYMINGTON, K.C.: Carry more.

The WITNESS: I did not look it up. I do not think so.

Q. It did not in 1923?—A. No.

Q. Did the condition exist that they got more than the liner any other year?—A. I did not look it up.

Q. You might look that up because it is rather interesting to know. Somebody informed me, and it is his opinion that I go on, that last year was rather a different year in this regard from previous years, certainly different from 1923?—A. What is it you want?

Q. Whether prior to 1924 the liners did not carry more than the tramps and whether prior to that the liners did not get a higher rate than the tramps.

The CHAIRMAN: If the Colonel has prepared a detail for a few years back, showing the division between the tramps and the liners as to the carriage of wheat from Montreal and as to the prices charged, give the information which is given for 1924, for several years before.

Sir EUGENE FISET: And the period of the year.

By Mr. Symington, K.C.:

Q. Then Colonel, at page OO-4 of your statements, along the same line, "the grain market being open, the market conditions govern". That is correct, is it not?—A. Yes.

Q. But in other rates you did not add this? I ask you if it follows in other rates that the market conditions do not govern?—A. They do not fluctuate.

Q. Now then, you told us as a justification for the liner Committee, at page OO-5—

The CHAIRMAN: He says they do not fluctuate. Does that mean the rates do not fluctuate or the market rates do not fluctuate.

Sir HENRY DRAYTON: They do not fluctuate with the markets.

The WITNESS: The rates do not fluctuate.

By Sir Henry Drayton:

Q. With the market?—A. With the market.

By Mr. Symington, K.C.:

Q. That is, market conditions do not govern. I take that as an answer, that they do not. At page OO-5, you say, "the Liner Committee ensures quicker action," can you give me any evidence of that, any particular thing you had. I mean where they ever got quick action out of the Liner Committee?—A. We had meetings with some of the shippers and have stated whether we could do anything or not.

Q. In any case where you did anything can you tell us where there was any speed shown?—A. Just at the present moment I cannot recollect anything.

Q. Speaking of pulp, you had it started sometime at the beginning of the year but did not get settled until the end, if I remember rightly. I will give you the reference. Do you remember the pulp episode?—A. No, I do not.

Q. Your Conference Minutes are numbered by a paragraph number 306 or any other number?—A. I presume so.

Q. You carry that through and if it is not dealt with we use the word "deferred to the committee." It is carried on through the Minutes so we can trace this speedy action pretty readily, can we?—A. I presume so.

Sir HENRY DRAYTON: That is also a relative term.

Mr. SYMINGTON, K.C.: Yes. I think so. At page PP-7, we give a certain percentage as of increases in cattle rates. Would you kindly give us the rates on which you base those percentages for the time?

The CHAIRMAN: Give us that question again.

By Mr. Symington, K.C.:

Q. If you will refer to the top of the page, you will notice he gives certain percentages on cattle rates. I was asking him for the rates upon which he calculated the percentages and the time those rates were in?—A. I will get that for you. I have omitted it.

Q. I am trying to get the increased cattle rates and when the cattle rates were.—A. I will get them for you.

Q. Thank you. Then you say as a reason why those rates should not be reduced, on the same page, "if the rates were reduced it would not be long before you would have the same complaint from the shippers that the rates were still too high." Is that the real reason you are relying on?—A. No, that is an opinion.

[Col. William I. Gear.]

Q. And then you go on and give some more opinions, and say the farmer would not get the benefit of it. Are you prepared to establish that to the committee?—A. That is my personal opinion.

Q. Based upon what?—A. That is a commercial axiom, I suppose, that the farmer would not get it, that the middleman would get the reduction.

Q. Based upon the opinion that the farmer never gets anything, is that it?

The CHAIRMAN: He gets it in the neck very often.

The WITNESS: If you want the farmer to get it you have to give him a bonus.

By Mr. Symington, K.C.:

Q. If you lower the rates he will not get the benefit of the reduction, in your opinion?—A. The middleman gets it.

Q. Now, you were asked—and I want to ask you again—why Canadian shippers use United States ports instead of Canadian ports. You dealt with that at QQ-2.—A. Whereabouts is that?

Q. QQ-3; I beg your pardon. You were asked "Why?" and you said, "Ask the exporters." I said, "Why do they use the New York ports?" and you said, "I do not know." Do you want to rely upon that statement?—A. In the winter time I suppose they find it a shorter rail haul.

Q. The rail haul is the same price, is it not?—A. The same price.

Q. But they still will not use the Canadian ports. What about the summer?—A. In the summer they largely use the Canadian ports.

Q. They largely use the American ports, do they not, more largely than the Canadian ports?—A. We have done pretty well.

Q. You have been down there, Colonel, of course?—A. Where?

Q. In New York harbour?—A. Yes.

Q. And you have been out through the river there, where they load these boats?—A. Only just seen them, that is all.

Q. You have seen the lighterage and floatage; the floating elevators and expensive ferry boats; can you tell me or tell this committee—because I have been there, and I wondered why we cannot ship cheaper on the Canadian route than on the American.—A. Why we cannot ship cheaper?

Q. Yes?—A. What class of goods?

Q. Any class of goods, it has to be lightered at New York no matter what it is, and we load at docks. Our grain goes out in barges and floating elevators in New York. Can you tell me why we cannot ship cheaper through the Canadian ports?—A. Because it costs the steamer more to come to Canada.

Q. So it is the ocean rate, is it?—A. It is the ocean rate.

Mr. MONTGOMERY, K.C.: Do you mean that the ocean rate is lower to New York than to Canada.

By the Chairman:

Q. I would like to interject this question, Colonel, if I may. Does it cost more to operate a ship from Liverpool to Montreal than it does to operate a ship from Liverpool to New York?—A. I have no knowledge of what the accounting is on the other side.

Q. What is your opinion; you must have an opinion on the matter?—A. Excuse me a moment. Have you any of those figures, Mr. Robb, with reference to the expenses to New York as against Montreal?

Q. Colonel, I am not asking merely what the port dues are, or what the discharging and loading expenses are in New York as compared with Montreal. What I am asking is, does it cost more to operate a ship from Liverpool to Montreal than it does to operate a ship from Liverpool to New York?—A. I am unable to give the figures; I have not got them.

[Col. William I. Gear.]

Mr. ATWATER, K.C.: That is, apart from her loading?

The CHAIRMAN: Exactly.

Mr. ATWATER, K.C.: That is the cost of navigation, or running.

The CHAIRMAN: From the time she throws off her hawsers at Liverpool until she ties up at the dock in Montreal, as compared with the cost of operating a ship from Liverpool to New York. I would have thought that an experienced gentleman like Colonel Gear could have hazarded an opinion, but if he has not the figures, and does not want to reply, I will not press the point.

Mr. ATWATER, K.C.: As far as this material goes, I think we can get the material, something definite, not a mere opinion.

The CHAIRMAN: Mr. Atwater and gentlemen of the committee, if it be true that certain Canadian shippers prefer to ship either through or by New York rather than through or by Montreal, we should know what leads them to that conclusion.

Mr. ATWATER, K.C.: There must be a reason, and we want to know what it is. I suppose that is it.

The WITNESS: The rates are the same on all classes of cargo except on grain.

By Mr. Symington, K.C.:

Q. Now, Colonel, you represent a good many lines. Do you know anything about the relationship or any interlocking ownership between liners and tramps?—A. I do not.

Q. The same in Great Britain, do you know whether people who are connected with shipping in a large way, owning stock in companies which own liners, also own stock in boats which operate as tramps?—A. I do not, sir.

Q. You do not know anything about that?—A. No.

Q. Now then, do you know anything about ship operation?—A. No, it is all managed in England.

Q. Mr. Cleminson did not know; I thought you would.—A. I will not venture an opinion.

Q. You do not know anything about what the ability of a steamer to 'pay depends upon?—A. No sir.

Q. Apart from rates fixed from the Conferences. That is the only dependability you know of?—A. All I have to do is load here.

Q. You do not know anything about stability for trade, or expense of operation, or anything else?—A. No sir.

Q. You would not like to venture an opinion as to any of these questions?—A. No sir.

Q. Now, Colonel, just to get before the committee the nature of these proceedings, these are the minutes of the Canadian Liner Committee, 1924, Exhibit 12 E. If you look at say page 218, the flour rates and the grain rates are fixed.

Mr. MONTGOMERY, K.C.: What date?

Mr. SYMINGTON, K.C.: This is December, the last one.

The CHAIRMAN: December 19th, 1924.

Sir EUGENE Fiset: Are these the minutes of the Conference or the Committee?

The CHAIRMAN: The Montreal Liner Committee.

The WITNESS: Why not get a man who was there?

By Mr. Symington, K.C.:

Q. I asked for him, but they insisted upon putting you in. You do not know anything about any of these minutes?—A. No.

[Col. William I. Gear.]

Q. So the Committee may fully understand, I want to ask you about these minutes, but you say you did not attend and you would not know anything about them?—A. Yes.

Q. Does that apply not only to the Canadian Liner Minutes but to the Conference minutes?—A. Yes sir.

Q. You would prefer that we find out about them from somebody else?—A. Yes.

Q. Well, there were a lot of things about these meetings I wanted to ask you, but if you prefer, and do not know about them, I will wait for somebody else, because I have made a lot of excerpts from them that I want to ask somebody about.

The CHAIRMAN: Is that all you want to ask the Colonel, except about the matters referred to at the Liner Committee meetings, or have you other questions that you would like to ask?

Mr. SYMINGTON, K.C.: That is all I have prepared now, sir. I tried to get ready as well as I could these Liner Committee minutes and wires and telegrams and certain agreements. I might perhaps ask about those.

By Mr. Symington, K.C.:

Q. You say, Colonel, that rates—it strikes me that rates are the same to everybody?—A. Yes.

Q. It is the habit of the Conference, is it not, to enter into agreements with large shippers, giving them a considerable reduction in rates, upon their signing an agreement to ship only by Conference lines?—A. Any shipper can have that.

Q. And you enter into forms of agreements. I will show you a form with Mr. John Doe, the well-known Mr. John Doe. Is that the form of the agreement used?

Mr. ATWATER, K.C.: What is this, Mr. Symington?

Mr. SYMINGTON, K.C.: I am asking the Colonel if this is the agreement you use when you give a lower rate if they only ship on Conference boats.

The WITNESS: I cannot say; that is the first time I have seen it.

By Mr. Symington, K.C.:

Q. You have not seen these?—A. No, I have not.

Q. As a matter of fact, I got this from the exhibits filed before the McMaster committee; that is where I found it, I may say. I think that is all I have to ask the Colonel then.

The CHAIRMAN: Now, gentlemen, it is ten minutes to six, and I was wondering if we had better go on or if we should adjourn. I have two or three questions I would like to ask the Colonel, and perhaps this might be an opportune time to ask them.

Mr. ATWATER, K.C.: I do not want to interrupt, Mr. Chairman; there were one or two questions we would like to ask the Colonel in re-examination, but perhaps it would be better to wait until you have asked your questions, because they might come better after the examination of yourself, and perhaps the members of the committee.

By the Chairman:

Q. Suppose there was no Conference operating in Montreal, Colonel, what would happen?—A. Well, sir, it would be a question of severe competition, and you would in all probability have less efficient tools to work with.

[Col. William I. Gear.]

Q. Now, just explain first of all what would be the effect of this intense competition. Would it bring down rates?—A. No doubt it would.

Q. Well then, what boats would survive?—A. Well, I suppose the Canadian Pacific and the Canadian Government Merchant Marine.

Q. Then are you of the opinion that the Canadian Pacific is a less efficient tool to work with?—A. No, they are most efficient.

Q. Then as far as that is concerned, we are not to dread poorer ships?—A. Not from them.

Q. You have not such a high opinion, perhaps, of the Canadian Government Merchant Marine?—A. They are fine boats.

Q. You say they are fine boats. In just what respect are they fine?—A. They are good tramp boats.

Q. They are not liners, as a matter of fact, at all?—A. They are a liner tramp, and they are good tramp boats.

Q. It sounds to me like a white blackbird, a liner tramp.

Sir HENRY DRAYTON: No, we had a liner freighter before.

The CHAIRMAN: Yes, but not a liner tramp.

The WITNESS: A liner freighter, and they are good boats.

By the Chairman:

Q. Now, in other words, Colonel, if there was no Conference there would be a rate war, severe competition, rates would go down and there would be a survival of the fittest?—A. In all probability.

Q. We would therefore get the ships which were best suited to the route and which could be run most economically, would we not?—A. That would depend on circumstances.

Q. What circumstances would operate against that conclusion that I have suggested?—A. You might not get the best boats.

Q. The best boats suited to the trade would be the ones that could survive, would they not?—A. Not always.

Q. Why not?—A. You might have an inferior boat, but still be able to get along.

Q. You would get all the boats that found the trade unprofitable given away, would you not?—A. In all probability.

Sir HENRY DRAYTON: That would depend upon whether they could find a better trade somewhere else?

The CHAIRMAN: Yes.

Sir HENRY DRAYTON: Wherever a boat could find a better trade, it would go. Otherwise I should think they would stay.

By the Chairman:

Q. The boats best suited to the trade would be those that would stay?—A. In all probability, but they would come and go just as the trade was offering, and in all probability you would have very lean periods when you could not get freights, and then you would have a rush like you have in the fall of the year.

Q. Now, Colonel, we had an experience in Montreal for a great many years prior to 1902 without any Conferences.—A. We did.

Q. We had a large number of liners running to Montreal in the years from 1890 to 1902?—A. We did.

Q. Now, can you remember times during which the Canadian export trade suffered by reason of a lack of tonnage to move our export goods to North Atlantic ports?—A. Just offhand I cannot.

[Col. William I. Gear.]

Q. If there had been any serious condition of that sort, with your intimate knowledge of shipping affairs in Montreal, you would be likely to remember it, sir, would you not?—A. I was trying to recall. I would likely remember it.

Q. Then is there any reason to dread in the future what has not happened in the past?—A. I would think there was a great deal to dread.

Q. Why?—A. Because the very fine boats that you have in Canada would seek trade elsewhere, if they could find it.

Q. Now, let us take the years 1895 to 1902. You recollect what type of boat went out of Montreal in that time, sir?—A. Yes.

Q. Now, I want you to consider what type of boat was trading out of Boston or New York at the same time. Let us take Boston, rather; Boston, I think, is a fairer comparison than New York. Take the type of boat trading from 1895 to 1902 out of Boston. Think of that. Then think of the type of boat that trades out of Montreal now and the type of boat that trades out of Boston now, and tell me whether there is any substantial difference in the relation between the Montreal and Boston boats of from 25 to 30 years ago, and the relation of the same classes of boats to-day.—A. I will look that up.

Q. Could you hazard an opinion?—A. I will look that up.

Q. Do you understand my question?—A. I do.

Q. Will you look it up before to-morrow morning?—A. No, I cannot do it that soon. It will take a little time. Between 1895 and 1902?

Q. Say the period from 1895 to 1902, Boston and Montreal, and to-day; a comparison of the relative qualities of the boats trading out of Boston and Montreal then and now?—A. All right.

By Mr. Symington, K.C.:

Q. To pursue that question a little farther: You said that boats would leave to go to another route. What would happen on that other route if the boats went there, as far as rates are concerned?—A. I guess they would add to the millions laid up to-day.

Q. The rates would come down on that route?—A. They would most likely lay-up.

The witness retired.

The CHAIRMAN: Gentlemen, when shall we meet?

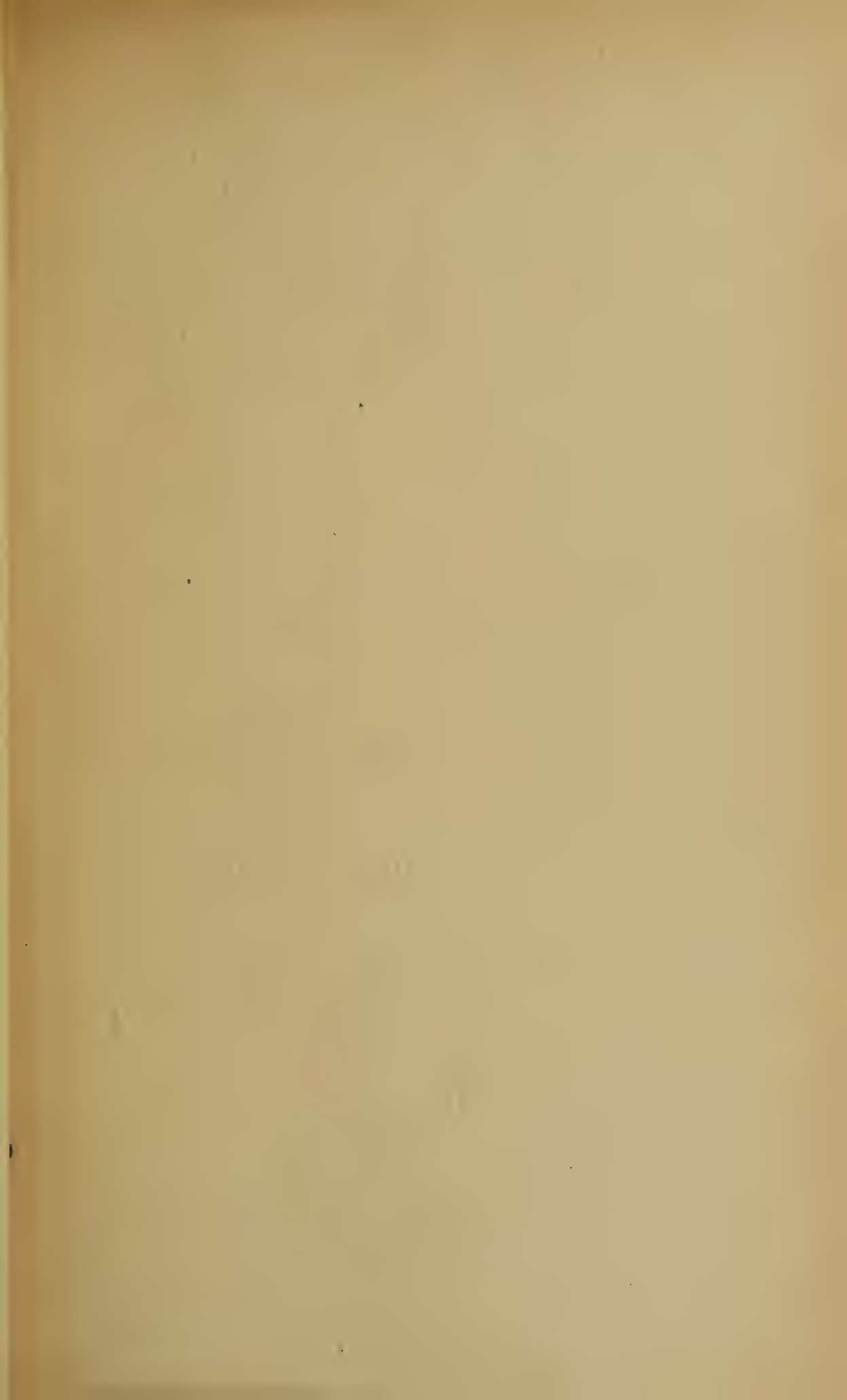
Sir HENRY DRAYTON: At 2 o'clock to-morrow.

The CHAIRMAN: Is 2.00 o'clock satisfactory.

Several MEMBERS: Yes.

The Committee adjourned.





Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 6—Friday, April 24, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. A. W. Atwater, K.C., George H. Montgomery, K.C., E. P. Flintoft,
C. Russel McKenzie, for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Col. William I. Gear, Manager Robert Reford Co., Montreal, (*Continued*).

Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific
Railway, Montreal.

EXHIBITS

No. 42. Statement of tonnage, Port of Montreal, season of 1924. Filed
by Col. W. I. Gear (*Not printed*).

No. 43. Statement showing the trade of the Port of Montreal, 1890 to 1924
inclusive. Filed by Col. W. I. Gear (*Not printed*).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 231,

FRIDAY, April 24, 1925.

The Committee met at 2 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—14.

Col. William Gear, who was again in attendance was further examined, and retired.

Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific Railway, Montreal, who was again in attendance, was called, sworn, examined and retired.

Discussion followed relative to the selection of a chartered accountant to audit the books of the steamship companies.

On motion of Mr. Rinfret, seconded by Mr. Shaw, it was unanimously *Agreed*, That Mr. Gordon Scott shall be appointed to assist Mr. Symington and the Committee in the examination of the voyage accounts of the lines, and such other actuarial work as may be germane to this inquiry.

On motion of Mr. Duff, seconded by Mr. Rinfret, it was unanimously *Agreed*, That the auditor be instructed under the direction of the Chairman to prepare voyage sheets and a financial statement of the different companies interested in the North Atlantic Conference, for the years 1913, 1923 and 1924, and that when such statements are prepared by him, counsel for the Committee, Mr. Symington, and any member of the Committee may not only have access to those statements but to the original papers which go to make them up, and, if necessary, the Committee may call the auditor as a witness or any official of the steamship companies for which these statements are made up; such information to be kept confidential between Line and Line The auditor shall afford to Mr. Symington all assistance which he may require, it being understood that Mr. Symington shall have access to the voyage accounts and other documents.

Mr. A. W. Atwater, K.C., who had been appearing as of counsel for the steamship companies, expressed his regret that, owing to his departure for England, he would be unable to be present at future meetings of the Committee.

The Committee adjourned at 6.25 o'clock, p.m., to meet again at 2.30 o'clock, p.m., on Tuesday, April 28, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM,

HOUSE OF COMMONS,

FRIDAY, April 24th, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 2.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Colonel Gear, I think Mr. Atwater has a few questions to put to you, sir.

COLONEL WILLIAM I. GEAR recalled.

MR. ATWATER, K.C.: May I ask if the Committee is quite finished asking any questions of the Colonel?

The CHAIRMAN: Were any members of the Committee desirous to ask Colonel Gear any questions, before Mr. Atwater begins?

Sir EUGENE Fiset: I think Mr. Duff had one or two questions, but he is not here.

By the Chairman:

Q. I do not know, Colonel Gear, whether you are in a position to answer the questions I propounded to you yesterday in regard to the difference between ships that trade out of Boston and those trading out of Montreal? What was the relative advantage one over the other, say, thirty years ago, and now?—A. That will take some days to get, sir.

The CHAIRMAN: There are one or two questions which have come to my mind, upon which I will ask your help.

By the Chairman:

Q. Under present day conditions, Colonel Gear, what is the size which has been found best for cargo boats, for economical and efficient operation?—A. I think about 8,000 tons.

Q. When you say "8,000 tons," is that registered tonnage or dead weight?—A. That would be dead weight.

Q. About what would that be registered?—A. Boats vary; I would not venture an opinion on that.

Q. Would the registered tonnage be less than one-half of the dead weight tonnage?—A. It is about two-thirds. I was looking to see if I had it.

Q. I might give you some of your own boats, of which I have been looking up the registered tonnage. Take your "Laconia." It has a registered gross tonnage of 19,680. About what would its dead weight be?—A. This is the Cunarder, running to New York.

Q. Is the "Cabotia" one of your boats?—A. Yes.

Q. That has a gross registered tonnage of 5,160. What would the dead weight be, about?—A. Her dead weight is about 9,000 tons.

Mr. Hosie: 8,500 tons.

The WITNESS: 8,500 tons.

By the Chairman:

Q. And do you say, sir, that is about the most economical unit?—A. In my opinion.

Q. Now, Colonel Gear, could you give me any idea of how the cost of building steamers to-day—1925—compares with, say, 1920?—A. 1925 and 1920?

Q. Yes, sir?—A. My recollection of 1920 was about £40 a ton.

Q. Was that about the peak, sir?—A. No; I think they were higher.

Q. My recollection is that in building our Merchant Marine we paid a little over \$200 per ton for the most expensive boats?—A. That is about correct.

Q. And the others averaged \$190 per ton?—A. That is correct.

Sir HENRY DRAYTON: I thought it was about \$180 a ton; that is my recollection.

The CHAIRMAN: Somewhere between \$180 and \$190 per ton.

By the Chairman:

Q. Were the building costs in England comparable to those in Canada?—A. I think they were, but I would suggest you ask one of the Englishmen who are here.

The CHAIRMAN: Does any other member of the Committee desire to ask any questions?

By Mr. Kennedy:

Q. I would like to ask one or two questions of Col. Gear. I think you stated in your evidence that there was no interference on the part of the United Kingdom Westbound Conference with the North Atlantic United Kingdom conference?—A. You mean the North Atlantic Eastbound Conference?

Q. I mean the North Atlantic Eastbound Conference and the United Kingdom Westbound Conference, or whatever Conference they have on the other side controlling rates westward?—A. They do not interfere with us at all.

Q. Well, how can you arrive at a rate that will give you a profit on the round trip, or do you figure that your eastbound rates must make your round trip profitable?—A. Our eastbound rate has got to make the profitable part of the voyage.

Q. Has it to make a profit on the round trip?—A. It has got to assist in the greatest measure in supplying the profit for the round trip, for the reason that we bring very little cargo westbound.

Q. That factor is always taken into consideration in establishing your rate?—A. Yes.

By Sir Eugene Fiset:

Q. There is one question I would like to ask. We have been dealing at the present time with three classes of boats. We have been given evidence in regard to the liners, and also evidence in regard to cargo boats; what I would like to ask is, can we get approximately the number of tramp steamers either in the Conference or belonging to any company that belongs to the Conference?—A. I do not know of any tramp tonnage being operated by any member of the Conference.

Q. Do any of those tramp steamers belong to any members of the Conference?—A. Not that I know of.

Q. Does anybody here know?—A. I don't think so, unless we took Lloyd's Register and went through it. I think you can take it that none belong to any member of the Conference.

By Sir Henry Drayton:

Q. The important thing is whether they operate them?—A. I do not know of any.

[Col. William I. Gear.]

Q. Are you sure they do not operate them?—A. I don't know of any; from my personal knowledge I don't know of any.

Q. Well, Colonel, perhaps it would be a good thing if you told us what your percentage of loadings is eastbound and your percentage west?—A. You mean the percentage of cargo westbound and the percentage of cargo eastbound?.

Q. Yes.—A. Have you that, Mr. Robb?

Mr. ROBB: I have it here for 1924.

Col. GEAR: According to the Montreal Harbour Commissioners' statement for 1924 the import cargo amounted to 1,512,825 tons, and the export to 4,762,885 tons.

By Mr. Symington, K.C.:

Q. How much of that was grain for export—so that we can compare the commodities?—A. Barley 141,117 tons, buckwheat 507 tons, oats 176,691 tons, rye 571,879 tons, and wheat 2,940,837 tons.

By Sir Henry Drayton:

Q. Let us have your whole list, while you are at it?—A. That is all the grain.

Q. Let us have the other commodities—or are there very many?—A. I will read this, if you wish.

Q. No, do not go through all that. Can you tell us to what percentage the boats were laden on their outward or eastern voyage in the respective months? It has been suggested that we could perhaps do with less boats, and I want to see if that is so. Have you any figures showing your average loading; I suppose the amount of space taken would be infinitely smaller on the west-bound movement than the figures indicate, because you have a very valuable cargo.—A. In all probability.

Mr. SYMINGTON, K.C.: I have taken off the figures, Sir Henry; 1,500,000 tons package stuff west and 931,000 tons going east, in 1924.

Sir HENRY DRAYTON: There is very little of that bulky stuff going.

Mr. SYMINGTON, K.C.: Going east, taking out the grain, there was 931,000 tons.

Sir HENRY DRAYTON: So that as far as merchandise is concerned, it is heavier west than east.

Mr. SYMINGTON, K.C.: About a million and a half.

Mr. MONTGOMERY, K.C.: I have a statement here which I intended to put in, showing the official figures.

By Sir Henry Drayton:

Q. Take the character of the movement into Canada, Col. Gear, is it largely package, or what is it?—A. There is a large amount of package freight, but last year there was a large amount of coal, and some corn.

Q. What is the coal tonnage?—A. A further deduction will have to be made.

By Mr. Kennedy:

Q. Did the liners carry coal?—A. An infinitesimal quantity.

By Sir Henry Drayton:

Q. We need not bother about that. What was the coal?—A. There was altogether 219,492 tons.

Q. Anything else in bulk?—A. There was a large amount of heavy cargo; for instance I notice steel angles 2,692 tons.

Q. That is merchandise again?—A. Yes.

Q. Outside of merchandise, minerals or grain, or bulky stuff of that kind. I suppose you will be putting in an exhibit about that, Mr. Atwater, later on?

Mr. ATWATER: I can only give you the values, Sir Henry: I have not the quantities.

Mr. SYMINGTON, K.C.: That brings it down to 1,290,000.

The WITNESS: We have a large amount of other heavy cargo, for instance, Ferro-Manganese 9,525 tons; Firebrick 6,476 tons, Flaxseed 6,055 tons, Window Glass 12,640 tons.

By Sir Henry Drayton:

Q. You would not count window glass as bulky?—A. It is very heavy. Corn, 39,892 tons, Grindstones 1,430 tons, Iron Bars and Plates 7,037 tons, Pig Iron 2,987 tons, Iron Pipes 4,291 tons, Iron and Steel Scrap, 2,353 tons, Iron skelp, 1,815 tons, Lead Battery Plates 939 tons, Machinery 8,854 tons, Marble 2,115 tons, Molasses 13,627 tons, Creosote Oil 13,489 tons, Crude Oil 410,995 tons, Rags 3,395 tons, Phosphates 8,091 tons, Salt (Coarse) 22,817 tons, Steel bars, 6,418; billets and bloom, 6,025; steel plates, 4,343.

The CHAIRMAN: Would we not save the Colonel's time and our time if we had a list prepared and put in.

Mr. SYMINGTON, K.C.: It looks to me that it is an important list, consideration of certain features.

Mr. ATWATER, K.C.: Is that an official list of your own?

The WITNESS: This is the Montreal Harbour Commissioners'.

By Mr. Atwater, K.C.:

Q. Of the classification of the imports?—A. Yes.

Q. Sulphur is down there too?—A. Yes. Steel bars, 6,418; billets, 6,025; steel plates, 4,343; steel sheets, 8,851; structural steel, 2,824; unmanufactured plant, 3,496; raw sugar, 19,081 tons; sulphur, 18,989.

Sir HENRY DRAYTON: I would suggest, perhaps, to save time that that list be put in as an exhibit. We will then have all the information extracted; at our leisure we can go over it and see what is material.

The CHAIRMAN: Sir Henry Drayton makes a suggestion that appeals to me, that the witness put in this entire list as an exhibit and you can go over it at your leisure as well as the Members of the Committee. I am going to ask you to put that list in as Exhibit No. 42.

Exhibit No. 42. List of commodities. (Not printed.)

By the Chairman:

Q. There was a question that I did not quite finish. My mind went off of it. You told us that shipping was costing to build, in 1920, about £40 per ton. What is it to-day?—A. I can only speak from what I have heard, second hand information, at about £15.

By Mr. Atwater, K.C.:

Q. The deadweight ton?—A. Yes.

By Sir Henry Drayton:

Q. Is that tramp or what?—A. Tramp.

[Col. William I. Gear.]

Q. Would that be 'tween decks or just a cargo boat?—A. She would probably have a sheltered deck, 'tween deck.

Sir HENRY DRAYTON: I think we should get the speed of the boat while we are at that.

By the Chairman:

Q. What are the speeds of the two boats we are comparing, one built in 1920 and one built in 1925. Would they be the same speed?—A. About 9 and $9\frac{1}{2}$ knots at sea.

Q. In both cases?—A. Yes.

Q. Does your recollection carry you to the ups and downs of ship-building cost from say 1914 to to-day?—A. No, sir.

Q. That would be readily available somewhere?—A. Yes, it is.

Q. Whom should we ask for that information? Who would be likely to have the most accurate information on that?—A. I will try and get it for you.

Q. Will you take a note and get it for us? If you are going to be at it you might make it out from 1900 down to date, the building cost.—A. To date?

Q. Yes.

Hon. Mr. STEVENS: That will be ascertainable from some of the large Clyde yards. I do not think the Colonel would have any difficulty in getting that. Have the tramps any organization or united control of operation or rates?—A. Not that I know of.

Q. If there is any such united control you would be likely to know of it?—A. Likely.

The CHAIRMAN: Are there any other questions, gentlemen. Mr. Rinfret?

By Mr. Rinfret:

Q. I just wanted to have this as regards the tramps; is there any stability of the tariffs that the tramps use during the same season; any parity as to the rates between the different tramps?—A. Not that I know of.

Q. Do I understand that the tramps have any parity of rates or one might be different from another. The rates might be different between tramp?—A. Yes.

Q. That is their business?—A. Yes.

By Mr. Shaw:

Q. I gather from what you said yesterday that in the fixation of the cattle rates you were the party who arranged that?—A. I was not the party. I was one of the number. I assisted at it.

Q. How many changes in cattle rates have there been since the war, say?—A. I will have to get you that.

Q. Could you tell me approximately?—A. No, I would prefer getting it and giving it to you accurately.

Q. Who are the Committee which has this matter in charge?—A. There is no committee, sir.

Q. Who are the individuals?—A. I consult with my staff and we settle the rate as far as we are concerned.

Q. I thought that the final conclusion in the matter was made by yourself.—A. Just as far as my own office is concerned only.

Q. Is there a uniform cattle rate between Canadian ports and English ports, a uniform cattle rate?—A. If there is a uniform rate it is a coincidence, and not formed by any conference.

Q. Do you know whether there is any difference in the cattle rates in the competing companies on the North Atlantic?—A. I do not.

Q. Well now, Colonel, with regard to the fixing of cattle rates for your own company what are the principles upon which you act?—A. As to what we can earn on other cargo.

Q. For example, can you give us a case? When did the last decrease take place?—A. Well the last fluctuation, I think, took place about the middle of last summer.

Q. Will you tell us if you can, Colonel, just all the considerations that were present in your mind when you made the decrease referred to?—A. We estimate what we can earn on other cargo.

By Mr. Symington, K.C.:

Q. Grain?—A. Any other cargo that we can get to put in the space and we take the relative earnings. I might say that we give a slight preference to the cattle-men.

Mr. SHAW: I wonder, Mr. Chairman, if we could get that information more in detail. I would like to know as to what was in Colonel Gear's mind when he made the last deduction. Would it not be possible to get that information, Colonel Gear?—A. Well, of course, when I make my deductions I do not, as a rule, keep the calculations but if you take cattle in the 'tween deck of a boat to-day at \$20 a head—I have one boat here before me which carries 203 spaces which gives \$4,060, without deducting expenses of the fittings or anything in that way, just a gross weight. In the space occupied by cattle cubically we could make to-day's rate on flour \$7,000, again not allowing for loading and discharging and so on.

Q. And then what would your charge be for cattle?—A. I would want about \$26.

By the Chairman:

Q. To make it as profitable for you as carrying flour?—A. Yes, to-day's rate.

Q. But you say you give a certain preference to cattlemen?—A. To that extent.

Q. The rate being to-day, what?—A. \$20.

Q. Why is the preference given to the cattlemen?—A. We have wanted, in connection with the Donaldson cattle carriers—we have always wanted to encourage cattle trade to Glasgow; hence we try to meet them as far as we can.

By Mr. Symington, K.C.:

Q. Who tries to meet them?—A. We, as representing the Donaldson Line.

Q. If they want to carry low you cannot prevent that. He says the Donaldson want to carry low and "we meet their wishes as far as possible."

The CHAIRMAN: He meant they met the wishes of the cattle shippers as far as possible.

The WITNESS: Your explanation is right.

By Sir Henry Drayton:

Q. I do not think your figures are right. You say the amount of cattle you carry gives you \$4,600.—A. No, sir, \$4,060.

By Mr. Atwater, K.C.:

Q. Are you reading from the figures, Colonel?—A. No.

[Col. William I. Gear.]

By Sir Henry Drayton:

Q. You say the same tonnage in flour will give you \$7,000?—A. The cubical space.

Q. That is the marine ton, I suppose?—A. The cubical space, filled with flour.

Mr. SYMINGTON, K.C.: Would give about \$7,000? What is the flour rate?

The WITNESS: 22 cents.

By Sir Henry Drayton:

Q. Then how do you make out that you would make up the difference, which is a difference of 75 per cent more any way.

The CHAIRMAN: The cattle would walk aboard themselves and the flour has to be shifted.

Sir HENRY DRAYTON: He did not consider that question.

The CHAIRMAN: Yes, he did.

By Sir Henry Drayton:

Q. How much do you allow for the space? Does that include the space occupied for hay, water and that sort of thing?—A. That includes ten thousand feet.

Q. How do you allot that to the beast, that ten thousand feet? How much per beast?—A. That is fifty cubic feet per feed.

Q. How many days is that based on?—A. That is based on a voyage of about ten days but we have to allow something extra for accidents.

Q. What allowance is made for water?—A. The water is taken in the tanks. I suppose we would have about two hundred tons of water for that lot of cattle.

By Mr. Black (Halifax):

Q. Do you have to pay for that water?—A. We have to at Halifax, not at Montreal.

The CHAIRMAN: They have to pay in Halifax but get them free in Montreal.

Mr. SYMINGTON, K.C.: Perhaps it would be a good suggestion for these to go in also so the cattle men can check them.

Col. GEAR: These are my private figures.

The CHAIRMAN: Perhaps you will have a copy prepared.

Mr. ATWATER, K.C.: I think we can promise to give a statement in figures my friend will be able to analyse.

Sir HENRY DRAYTON: I think it might be submitted in such a way that Mr. Symington will have the whole thing. We had the figures in the other Committee which were put forward as the reason for the rate, covering a whole lot of different things, which I think, probably, Mr. Symington will want to check and no doubt they will come up later on. For example, we should have particulars as to the amount, say for fitting. There is lumber and carpentering. We also had evidence in the other Committee as to the amount of charges on the boats having regard to the cargoes. I think we should have the whole thing.

Mr. ATWATER, K.C.: There is the cost of going over and coming back and the space occupied.

The CHAIRMAN: I understand, gentlemen of the Committee that Col. Gear will have prepared and we will place in the record, I hope at our next meeting, a statement giving the figures on which the cattle rate now obtaining is based.

Sir HENRY DRAYTON: What different things come into it?

The CHAIRMAN: It goes into the cost and is itemized.

Col. GEAR: I presume this will be treated in the same manner as the accounts.

The CHAIRMAN: That is the voyage account. I think that is fair, when these come in they will be treated confidentially.

Mr. ATWATER, K.C.: Naturally they do not want to reveal their method of calculation.

Sir HENRY DRAYTON: We have it all now.

Mr. McKAY: I notice in the steamship line in the report of W. T. R. Preston, in 1921 there were 301 tramps. In 1922, 209, 1923, 247 and 1924, 446. I would like to get the names of these vessels, of the tramps. (Page 16.)

Col. GEAR: Mr. Robb, will you get that from the Harbour Commissioners for me?

Mr. McKAY: Further, I would like to get the names of the individual owners, if owned by private individuals, or the names of the companies or syndicates, that own these vessels. I would like also to get the nationality of origin, if it is possible. I would like also to get the name of the port or ports of registration.

Col. GEAR: I will have to get that for you, sir, it will take a little time.

Mr. ATWATER, K.C.: I think the information might be obtained from some other witness than Col. Gear.

The CHAIRMAN: Col. Gear knows absolutely where to put his hand on the information. He is willing to assume the burden of getting it for us.

Mr. ATWATER, K.C.: I am not objecting at all. Mr. Robb suggests that the whole of the information is in the possession of the Harbour Commissioners in Montreal. They have it all; we will get it.

By Mr. Symington, K.C.:

Q. Colonel, do I understand that your firm represent all the cattle carriers?
—A. No, sir.

Q. What other ones are there?—A. The Furness Line and White Star-Dominion Line.

Q. You say you do not fix the rates in Conference?—A. No, sir.

Q. Have you ever known them to be different from each other?—A. Yes.

Q. When?—A. I do not know when.

Q. I mean within a reasonable period of years?—A. I think they were different last year.

Q. When?—A. During the summer.

Q. When?—A. I have not got the date.

Q. What was the difference?—A. I think there were some cattle carried at \$22.50; I think there were some carried at \$15.

Q. By whom and when? Do you know the line?—A. The White Star carried them at a \$15 rate. I am not certain about the others.

Q. You told the Committee of course that you did not collaborate with the agent of the White Star, or any White Star people or Conference people about the rates on cattle?—A. We may talk about them, we do not collaborate as a Conference.

Q. You talk it over and decide what the rate will be?—A. No, we do not decide it in Conference; we may after we part.

Q. After you part?—A. I may decide what my own rate will be.

Q. Do you know your decision is what the others are going to decide?—A. I do not.

Q. You are sure?—A. I am sure.

Q. There is no rate fixed as between cattle carriers?—A. No.

[Col. William I. Gear.]

Q. In meeting or out of meeting?—A. No.

Q. No understanding?—A. No understanding, as far as I know.

By Mr. McKay:

Q. How do you account for the wonderful fluctuation in price on the carriage of cattle?—A. In the sale price?

Q. Ocean rates?—A. I do not know sir, I am not answerable for the others.

Q. Are the shippers, in the language of the Poet, always in suspense?—A. Not as far as my office is concerned.

By Mr. Shaw:

Q. I understand that stability in rates is one of the significant things which arise out of Conference meetings? Is not stability of rates desirable for cattle as well as other trades?—A. Well, sir, I do not know. It is simply we have not agreed on cattle rates. I suppose that is all there is to it.

Q. Why do you not talk at the Conference with regard to cattle rates?—A. I do not know, sir, simply do not confer.

Q. You discuss the matter?—A. We may discuss some and you might discuss some matter out in Calgary and go away and make up your mind what you will do.

Q. What is the purpose of having a discussion?—A. To try and find out what our neighbours are doing.

Mr. SYMINGTON, K.C.: I suppose they follow that rule about the sacred silence the Conference have?

Col. GEAR: It all depends on how communicative the individual is.

The CHAIRMAN: Shall I call upon Mr. Atwater?

Mr. HALBERT: Is there any discrimination in rates between Belgium and Germany as between Great Britain and Canada?

Col. GEAR: I do not understand that, sir.

Mr. HALBERT: Is there any discrimination in rates between, say Antwerp and Canada, and Liverpool and Canada?

Col. GEAR: I do not know. I do not know anything about the west-bound rates.

Mr. SYMINGTON, K.C.: How about east-bound? Do you know about that?

Col. GEAR: A little, not much.

Mr. SYMINGTON, K.C.: There are lower rates to the Continent than to the U.K.

Col. GEAR: Sometimes on some things.

The CHAIRMAN: Shall I call upon Mr. Atwater? Mr. Duff, have you any question to ask?

Mr. DUFF: I have been away and I do not know what has happened. Were you going to examine the witness, Mr. Atwater?

Mr. ATWATER, K.C.: If you have any questions.

The CHAIRMAN: Mr. Duff has not had an opportunity to look over the papers and perhaps you might usefully employ the time, Mr. Atwater.

By Mr. Atwater, K.C.:

Q. Colonel, in your cross-examination—have you got a copy of your evidence before you?—A. No, sir.

Q. If it is handy, I would like you to have it. At pages BB-2 and BB-3 you were asked about tonnage and ships coming into Montreal, and my friend, Mr. Symington, put in your hands a report of the Harbour Commissioners for

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1906, showing the tonnage of the port and ships in the port. This appears on this statement from 1897 to 1900. Now I would like you to look at that statement?—A. I have it.

Q. Have you the statement of the Harbour Commissioners?—A. No, sir.

Q. I would like you to read in there about the years say from 1899 to 1902?—A. Those were the years preceding the Conference.

Q. What was the tonnage of these years at Montreal?—A. 1902?

Q. Before that, go back.—A. 1897?

Q. What is the first year?—A. 1897.

Q. Going back to question you, particularly with regard to these years 1897 to 1902?—A. 1897, 1,379,002; 1898, 1,584,072.

Q. Are the numbers of vessels given in the return?—A. Yes.

Q. Read the number of vessels too?—A. 1897, 796; 1898, 806; 1899, 801 vessels.

Q. Tonnage?—A. 1,517,611.

Q. 1900?—A. 726.

Q. Tonnage?—A. 1,393,886.

Q. 1901?—A. 742.

Q. Tonnage?—A. 1,453,048.

Q. 1902?—A. 7,581,541,272.

Q. Now that brings you down to the year of the Conference, Colonel, does it not?—A. That is the beginning of it, and the Conference began in 1904.

Q. Then go on to 1904.—A. 1903, 802; 1,890,904.

Q. And 1904?—A. 796; 1,856,697.

Q. Those are the years before the Conference, or up to the Conference of 1904?—A. Up to the Conference.

Q. Now just generally, from the statement you have before you of the Harbour Commissioners, can you say whether the tonnage of that port fell off after those years, during Conference years, so far as they are reported there—A. No.

Q. Take the first two or three years following the Conference; take 1905.—A. 833; 1,940,056.

Q. Yes?—A. 1906, 802; 1,973,223.

Q. Yes, 1907?—A. I have not got it.

Q. That is where you jump off?—A. That is where I jump off.

Mr. ATWATER, K.C.: Now, I would ask leave, Mr. Chairman, to file a statement showing the trade of the port of Montreal during the years 1890 to 1924. This is official, and gives the total number of seagoing vessels arriving in the port from those years that I have mentioned down to last year; the total tonnage; the value of the merchandise exported; value of the merchandise imported and the customs duties, if that is material. But I submit, as a result of this, there is a constant progression of tonnage coming to Montreal since the Conference, that so far from there being a falling off of the tonnage there is a constant progression of tonnage since the Conference, till in 1924 we arrive at a total tonnage coming to the port—and this is Montreal alone—of 4,096,251, as compared with a total tonnage in 1902, which was the year of the first Conference, of 1,541,272, and in 1904, 1,853,453.

The CHAIRMAN: You say this is official. From what source is it taken?

Mr. ATWATER, K.C.: If I can prove it by the Colonel I will.

[Col. William I. Gear.]

By Mr. Atwater, K.C.:

Q. Will you look at this, Colonel, and say if it is authentic and what it is taken from, so I can prove the source, if necessary?—A. It does not show the source.

Q. You do not know where it was taken from?—A. No.

The CHAIRMAN: Just tell us where it was taken from.

Mr. MONTGOMERY, K.C.: I think they are the same Harbour Commission figures.

Mr. ROBB: No, it is taken from the Customs returns of the Board of Trade.

Mr. MONTGOMERY, K.C.: If you check it with the printed copy, you will see they are the same.

Mr. DUFF: Does that statement give the increased business during these years, and show the imports and exports as well?

Mr. ATWATER, K.C.: In value.

Mr. DUFF: Has that increased in the last number of years?

Mr. ATWATER, K.C.: Undoubtedly.

Mr. DUFF: What is your point, then?

Mr. ATWATER, K.C.: That the Conference, so far from restricting I understood that my learned friend's point was that it had restricted the amount of tonnage, and the amount of exports and imports of the port of Montreal, and I am showing that they increased from that date.

Mr. SYMINGTON, K.C.: Mr. Atwater need not bother about that, because I never made any such suggestion. The witness stated that because there was not a Conference, the ships were declining, and the port was declining, and that was put in to show that they were not.

Mr. ATWATER, K.C.: Then we are agreed on that point.

Mr. SYMINGTON, K.C.: Quite so.

Mr. ATWATER, K.C.: I understood that the argument was that the Conference had restricted the amount of tonnage.

Mr. SYMINGTON, K.C.: No; the witness stated they were falling off through the lack of a Conference.

The CHAIRMAN: As a matter of fact, Mr. Atwater, I do not think, this schedule which you have just put in differentiates between the tonnage coming in tramps and the tonnage coming in liners or Conference boats. However, this will be Exhibit 43.

Exhibit 43: Schedule of figures showing number of ships arriving, total tonnage and values. (Not printed.)

By Mr. Atwater, K.C.:

Q. Now, with reference to the number of tramps coming to Montreal, Colonel, is it not a fact that a great many of these tramps are of different nationalities?—A. Yes sir.

Q. Not only of British nationality?—A. Yes sir.

Q. And a great many of the cargoes, particularly of wheat, going out in them, go to foreign countries and foreign ports?—A. Some of them do, yes sir.

Q. Now on page BB 5 of your evidence, you are asked with regard to the shipper being given consideration or attending the Conferences, and you gave the impression to me, anyway, that the shipper was not considered at all by the Conference in their fixing of the rates. Is that the impression you intended to convey, Colonel?

Sir EUGENE Fiset: Will you repeat that, please?

By Mr. Atwater, K.C.:

Q. I say, the impression conveyed to me, and I think perhaps to the Committee when you were cross-examined, was that the shipper was given no consideration by the Conference in fixing the rates, that he was not asked there, and nothing was said to him, and his representations were not considered. You state that the shippers appealed to you to form rates which would be firm for a period. This was your language.

"I was personally appealed to by some of the shippers to quote rates which would be firm for a period. Is that correct?—A. Correct.

Q. Did they ask you to form a rate-fixing monopoly?—A. They did not ask us to form a rate-fixing monopoly. We have not got one.

Q. What shippers asked you to fix these rates?"

The impression I gathered from that was that you did not pay any attention to the requests or the suggestions that shippers might make to you, and I wanted you to explain that, if I am right or not.—A. The question asked is, here in the record, "Since that time, of course, the rates have been fixed by the Conference, as you told us, irrespective of the shippers altogether?" to which I answered "Yes." I misinterpreted the question, and understood it to mean that the shippers were not present at the meeting.

By Mr. Symington, K.C.:

Q. We were differentiating between the two periods. You said originally the shippers consulted you, and after the formation of the Conference you fixed them yourselves.—A. I wish to clear that up, that the shippers were not present at the meetings, but as I stated in my examination-in-chief, the steamship lines are very much concerned in trying to keep in every way the support of the shippers, and anything that they give us in respect to their shipments is most carefully considered at the meetings, and of course a final decision made.

By Mr. Duff:

Q. The Conference, of course, finally decides what the rate will be, after hearing the shippers?—A. Yes, but you will find during the course of the examination of one of my successors, that we have made numerous reductions.

By Mr. Atwater, K.C.:

Q. Your object, I suppose, the object of the shipping people is to satisfy their customer, the shipper, if possible?—A. The customer, certainly.

Q. The shipper, as a matter of fact, is your customer?—A. And without his good-will we would go broke.

Q. Now at page CC4 of your evidence you were being asked on the rates of grain, and I want to know what you have to say in regard to that. If you will look at the question put to you,

"Q. I am speaking particularly of grain now, I think, if my recollection serves me. They meet and they. . ."

then there was an interjection or two, and the question went on

"the Canadian Liner Committee meet and notify, as I read the arrangement made, the other districts what rates they have fixed."

I do not know what my learned friend meant by "other districts."

Mr. SYMINGTON, K.C.: The Montreal district and the New York district.

Mr. ATWATER, K.C.: You mean you characterize them as districts."

Mr. SYMINGTON, K.C.: That is their own language.

By Mr. Atwater, K.C.:

Q. Then you say:

[Col. William I. Gear.]

"A. I do not think so. If they do, I do not know it.

Q. At any rate, I refer to the minutes, and the Canadian Liner Committee, being all the liners trading from Canada, do meet and fix the rates."

Now is that correct, Colonel?—A. Not in the sense in which it is given here. I was particularly told and warned that the question was in regard to grain, but lower down, on account of the name "Liner Committee" being used, I misunderstood the question, and my attention was drawn this morning to the report in the paper. The grain rate is fixed by a Grain Committee.

Q. The rates on grain?—A. The rate on grain is fixed—. No, that is not right; you are leading me astray. The Grain Committee meet daily and arrange the daily asking minimum rate, and then each individual ship representative can ask as much higher a rate as he thinks the market will stand.

Q. Then there is a Grain Committee?—A. A Grain Committee, who arrange a daily asking minimum rate in competition with the New York and other markets.

Q. Shall I put it to you this way; there is no fixing of the rate?—A. No sir, no fixing.

By Mr. Symington, K.C.:

Q. A fixing of the minimum rate?—A. It is not a fixing; we simply arrange a minimum rate.

By Mr. Atwater, K.C.:

Q. And that committee meet every day and can arrange that rate, almost from hour to hour? Now, you were asked about the rates to New York as compared with the rates to Montreal. Do you know anything about the fixing of those rates by the Imperial Government or by the Minister at the time of the war, when boats were under Government control?—A. No. As I told you yesterday, I was in Ottawa, but the next witness will no doubt be able to give you all information regarding it.

Q. And you were also asked with regard to the dates of sailing of these liners carrying passengers and cargo traffic, and I think you told us those dates were fixed particularly to accommodate the cargo shippers, rather than the passengers. Am I right?—A. What page is that?

Q. I have not the reference to the page, but that was the effect of your statement, and I wanted to emphasize that in fixing these dates of sailings you had regard to the exporters?—A. The sailings of the steamers are arranged to meet the exporter's requirements, as he has to make weekly deliveries on the other side—

Q. That is what I wanted to get at?—A. —and these deliveries are arranged, I suppose, by them to suit their own individual markets; so that, in arranging the sailing dates, the lines try to adjust them to suit—and I am referring to the passenger boats,—the provision and other shippers, and when these dates are arranged, the passengers are requested to join the boats accordingly. The next factor is that once the date is fixed, the shipper is assured of a regular sailing, at almost a regular hour, because the passengers require that the hour and date shall be kept.

Q. And that enables the shipper to catch the market to which he is shipping as a certainty? He knows when his shipment will arrive?—A. He knows exactly when his goods, under ordinary circumstances, will arrive at their destination and be ready for the market to which he is shipping.

By Mr. McKay:

Q. You are speaking of the marketing of grain, or what?—A. Provisions, sir, which I have mentioned; eggs, all kinds of meats, butter and cheese.

By Mr. Atwater, K.C.:

Q. When you said in cross-examination that the Conference rates were fixed to give security to capital, does it follow that that prevented losses from time to time?—A. No, sir; it would not prevent losses. Our losses—which will be ascertained shortly—were very heavy during the past two years.

Q. And if I understand you rightly, the principal effect of this Conference was to prevent a war between the liners as to the rates on freight?—A. Which would eventually mean withdrawal of tonnage.

Q. Now, you were asked about flour rates. Is it a fact, and do you know whether it is a fact, that the subject of rates on flour is still under consideration by the Imperial Shipping Committee?—A. I have been so informed.

Q. And you told me already that you do not know whether the differential in flour rates as between New York and Montreal was fixed by the Government when the boats were under government control?—A. I am not personally aware of what was done.

Q. And are you aware, in the course of your business, that there was a difference established by the Government when the boats were under Government control?—A. I was so informed.

Q. So that, if that is so, even the British Government, or the Minister of Shipping, controlling it, recognized that there was an economic preference in freights via New York—if the rates were different?

Mr. SYMINGTON, K.C.: I might point out to my learned friend that I was stopped on this line, because I intended to put in the wires between the Imperial Board and the Conference, and I was stopped because I was told there was another witness who knew more about it.

Mr. ATWATER, K.C.: I do not want to infringe on anything that you were stopped in, Mr. Symington, but perhaps I can go this far:

By Mr. Atwater, K.C.:

Q. From the fact that the British Government did that, would it not mean that the British Government recognized that there was a difference?—A. That would be the conclusion.

Sir EUGENE Fiset: I am not quite sure of that. I think, during the war, the business coming to us was such as to simply force us to accept what we could get, from Canada or the United States. We could fix the passenger rates, but as far as the freights were concerned, we had to accept what we could get.

Mr. ATWATER, K.C.: Yes, but my point is this. That during the war there was a difference between the freight from New York and Montreal which was recognized by the British Government.

Sir EUGENE Fiset: On the same principle as the Conference was formed in 1902—

Mr. SYMINGTON, K.C.: The Conference quoted the rates to the British Government.

Sir EUGENE Fiset: And the same thing existed in Canada.

Mr. ATWATER, K.C.: I quite admit that the witness does not know all the facts, and some other witness will probably know more about it, but I think I was perfectly justified in asking that question.

By Mr. Atwater, K.C.:

Q. Now, how about grain as a profitable cargo, Colonel Gear, as compared with other classes of goods? Is it a profitable cargo or not?—A. No, it is not, under certain conditions.

Q. I am told—I do not want to suggest anything to you—but I am told it is the least profitable cargo?—A. It is so.

[Col. William I. Gear.]

Q. Is it in any respect carried under better conditions by the liners—or more economical conditions—for themselves, from New York than from Montreal?—A. I do not know, sir. As I said yesterday, I will have to get the particulars on that.

Q. Is it ever used as ballast, and carried in that way?—A. All of the passenger steamers trading to Montreal require a certain amount of grain for ballast, and they must have it.

By Mr. Symington, K.C.:

Q. That applies to New York, also, does it not?—A. It applies to New York.

By Mr. Atwater, K.C.:

Q. There is a certain amount of Canadian grain going through American ports. Can you give any explanation of that?—A. Of Canadian grain through American ports?

Q. Yes, and of American grain through Canadian ports?—A. I cannot do better than read an extract from a report of the Royal Grain Inquiry Commission.

Hon. Mr. STEVENS: Is that the Turgeon report?

The CHAIRMAN: You had better give us the date, because there are so many of these reports.

The WITNESS: January 7, 1925, at page 145.

Hon. Mr. STEVENS: Is this an extract from the report itself which you are reading?

The WITNESS: Yes, sir.

Hon. Mr. STEVENS: Not the evidence of somebody else.

Mr. ATWATER, K.C.: No, it is the report.

By the Chairman:

Q. And you are adopting it, sir, as accurately expressing your own views?—A. Yes, sir. (Reading):

"THE EASTERN ROUTE; CANADIAN AND AMERICAN PORTS"

While shipments of grain from Montreal make it the leading grain port of the North Atlantic it is well known that a large proportion of the grain shipped from there comes from the United States. On the other hand a large part of the Canadian export grain goes through the port of New York or other North Atlantic United States ports. There is a simple explanation to this apparently paradoxical situation. At all times grain will flow along the cheapest route to the Old World entrepôts. It is very sensitive to variation in freight rates. The rates that must be considered are not merely the Atlantic freight and insurance rates but the total of rates from the western terminals on the Great Lakes to the ports of entry on the other side of the Atlantic. When this is considered, a net difference of sixpence a ton in favour of one route over the other will attract the traffic.

New York possesses three general advantages. (1) Vessels come to New York from all parts of Europe and there are frequent sailings to these points. There are certain regular lines of steamers between New York and European ports with which at Montreal there is no regular connection. Since grain is an excellent basic cargo space for parcel shipment from time to time offers at very low rates. There is thus a variety of opportunity for securing favourable ocean rates on parcel shipments

that does not quite exist at Montreal. (2) Tramp steamers seeking charters lie off Norfolk where they are within convenient call of any of the North Atlantic American ports. A certain advantage attaches to this fact also. (3) On account of Montreal's position, the insurance rate is higher on hulls and cargoes out of Montreal than out of New York. The net result of these advantages is to give New York a slightly lower rate to Europe and the British Isles than Montreal.

On the other hand Montreal has two great advantages which counteract those stated above and, for a portion of the season at least, put her in a more favourable position. (1) Montreal is on the direct line to Europe from the Western States and while water navigation continues has the advantage of a cheaper and more direct mode of transportation. (2) The facilities for handling grain at the Port of Montreal are superior to those at the Port of New York. At New York the grain has to be loaded into lighters and towed to the vessel's side, and there elevated into the vessel by a floating elevator. At Montreal, the grain can be discharged into the transfer houses and spouted from there directly into the holds of the vessel.

We are now in a position to point to certain conditions which govern the flow of grain during the course of the year to these ports. The American harvest matures several weeks earlier than the Canadian. As a result the advantages of the St. Lawrence route attract heavy shipments from American Lake terminals to Montreal. By the time the flow of Canadian grain begins to assume volume, a large part of the American export of grain has been accomplished. On the other hand, on account of the lateness of the Canadian crop, the end of the grain shipping season is approaching on the St. Lawrence, before it does at the head of the Lakes. This fact is of great significance as explaining partly why so much Canadian grain goes via New York and other American North Atlantic ports. When the flow of Canadian grain is still vigorous, navigation on the St. Lawrence ceases. Commonly it closes about two weeks earlier than navigation on the Great Lakes. Hence the flow of grain for this latter period is deflected towards Buffalo or the Georgian Bay or lower Lake Ports from whence it will move to tidewater by rail. The end of the season finds these Bay, Lower Lake and Buffalo elevators filled with grain which will move out gradually during the winter. The grain carrying fleet on the Great Lakes takes a final cargo for winter storage and a large part of this fleet ties up at Buffalo for the winter. When spring comes, their grain is discharged and moves out chiefly via New York.

In the spring movement one additional factor is of importance. During the winter the Bay Port and Buffalo elevators have become emptied of their stock in store. The first movement of grain down the Lakes in the spring to these ports as the most expeditious route to tidewater. It will thus be seen that the explanation for a large movement of American grain through the port of Montreal and a large movement of Canadian grain through New York and other United States Atlantic Ports rests chiefly on seasonal changes affecting the St. Lawrence route.

By Mr. Atwater, K.C.:

Q. You have a copy of those proceedings, colonel?—A. Yes.

Mr. SYMINGTON, K.C.: Mr. Scott put in a separate report on that subject, at the back of that book.

Mr. ATWATER, K.C.: A Minority report.

[Col. William I. Gear.]

Mr. SYMINGTON, K.C.: No. They gave him special leave to put in a special report.

By Mr. Atwater, K.C.:

Q. At all events you make that statement for all practical purposes, your own, Col. Gear?—A. Yes sir.

The CHAIRMAN: Mr. Atwater, are these all the questions you wish to ask?

Mr. ATWATER, K.C.: Yes, I think so.

Mr. McKAY: What was the question, Mr. Atwater?

Mr. ATWATER, K.C.: I asked him if a certain amount of Canadian grain passed through New York or American ports and a certain amount of American grain passed through the St. Lawrence, and he said he could best answer it in the language of this report, which he adopts.

The CHAIRMAN: Are there any other questions any member wishes to ask Col. Gear?

By Hon. Mr. Stevens:

Q. I would like to ask one or two questions. I brought up generally the question some time ago, Col. Gear, I do not know whether you were on the stand or whether it was Mr. Cleminson—regarding Port charges. You might be able to give some information upon that question. Have you any record with you to show a comparison between port charges as between the ports of Eastern Canada and New York.—A. The information which I am getting for the Chairman regarding New York and the St. Lawrence will include that.

Q. Perhaps you can tell us this, or answer a few questions; regarding sick mariners' dues, do those constitute a charge on the ship?—A. They do, and have always been objected to by the steamship interests, but we cannot get any redress.

Q. In regard to Port Wardens' dues, are they a charge on the ship, or on the cargo?—A. They are mainly on the cargo.

Q. Now, in regard to Port Wardens' dues, do they affect the fixing of freight rates?—A. No sir, they are so little that I would not consider they do.

Q. Pilotage; is that a charge against the ship?—A. That is a very heavy charge.

Q. Against the ship?—A. Against the ship.

Q. Is it taken into consideration when the rates are fixed?—A. All charges and expenses of operating a vessel have to be considered.

Q. On the pilotage question, on the eastern route was there some reduction made in the last two years?—A. No sir, no reduction.

Q. Was there an extension of time—I do not know quite the technical term to apply; I think the lower rate was extended over a longer period; is that correct?—A. There has been no change in the lower rates, it is the upper rates where the greatest advances have been made.

Q. What do you mean by the upper rates?—A. Between Montreal and Quebec?

Q. The rates up the river?—A. Yes.

Q. Are there any tonnage dues in the ports of Montreal, Quebec, St. John or Halifax?—A. There are no tonnage dues in Montreal. It is a free port and has been. There are shed rentals and top wharfage which have to be paid by shippers and importers but the port itself, so far as side wharfage is concerned, is free. At Quebec, they pay both side wharfage and top wharfage.

The CHAIRMAN: Explain to the Committee what top wharfage is.

By Hon. Mr. Stevens:

Q. What is top wharfage?—A. Top wharfage is paid on goods which pass over the top of the dock, and is called top wharfage.

By Mr. Duff:

Q. Is it paid by the shipper?—A. It is paid by the shipper and the importer, but it is nevertheless a tax on the route.

Q. On the ships?—A. The side wharfage is a wharfage charge against the ship laying up against the side of the wharf and it is paid by the ship.

By Hon. Mr. Stevens:

Q. Of those two charges, the side charge is paid by the ship and becomes a charge against the operation?—A. Yes.

Q. The top wharfage is paid for by the receiver of the goods in addition to whatever he pays for freight?—A. And is to that extent a deterrent to trade.

By Mr. Symington, K.C.:

Q. You have no side wharfage in Montreal?—A.—None.

By Hon. Mr. Stevens:

Q. In regard to Montreal you say there is no charge on tonnage?—A. No sir.

Q. That is, that no ship pays tonnage?—A. No ship pays tonnage:

Q. Either tramp ship or liner?—A. Yes sir.

Q. I think you said earlier in your evidence that the liners, however, all of them I understood you to say paid berthage or side wharfage—I presume they are both the same term?—A. No. To avoid any mistake, I will repeat that the ship pays no side wharfage in Montreal; the port is free to all tonnage, but the liner, having to have regular berths, has to pay rental for the shed that is used for the protection of inbound and outbound cargoes, which rental is payable to the Harbour Commissioners of Montreal.

By Mr. Kennedy:

Q. In addition to the cargo?—A. In addition to cargo. It pays wharfage to the Harbour Commissioners.

By Hon. Mr. Stevens:

Q. That is, over the wharf, which is paid by the receiver of the goods?—A. The receiver and exporter.

Q. I am really concerned with the other. This shed rental, why is that made necessary; or let me put it in a form of answer to my own question. Is it necessary, because the liner must have that berth at given and fixed periods in order to carry out its schedule?—A. A liner must have a berth to gather the cargo, to take proper care of it and have it ready to put on board as soon as what little cargo she has is discharged. A steamer must have a regular berth to go to on arrival, and as most of them are only in port five or six days, you can realize that we must have a berth, to take care of the trade.

By Mr. Symington, K.C.:

Q. In that connection, does a line with several ships take the same wharfage, or do the boats have several?—A. They will rent a shed or sheds from the Harbour Commissioners, and as the boats come in they occupy the berths.

By Hon. Mr. Stevens:

Q. Following the question up, I think we might make it perfectly clear in this way: a given vessel would visit a port say every 60 days, to take a

hypothetical case, and to have a fixed time for sailing or arrival the shed must be cleared and kept for that particular service at a fixed time?—A. It must.

Q. That applies to all liners?—A. All liners.

Q. It does not apply to tramps?—A. It does not apply to tramps.

Q. What does the tramp pay as a sort of compensating charge for that?—A. They do not pay anything. We think at times they should but they do not do so.

Q. That is virtually charged for regularity of service?—A. Yes.

Q. Do those charges and others, which perhaps I have not mentioned, constitute a substantial proportion of the expense of operation?—A. A very heavy expense; a very heavy portion of the operation.

Q. There was a statement made by a witness, or rather it was filed by Mr. Young, I think, to the effect that it constituted 40 per cent, I think it was, port charges. I have figured out the percentage in tow years as 40 per cent and 40½ per cent. These are simply my own figures, so I am not offering them. I only want to draw your attention to it, the port charges of the total expenditure of port charges against these voyages. Do you consider them unreasonable or reasonable, as a matter of fact; not as to what they should be, but as a matter of fact?—A. Well, I want to be fair, sir. As I understood the auditor these port charges included stevedoring and other charges. I do not think it would be fair to connect your stevedoring with your port charges.

Q. Oh, I see. I know they include all. What I am coming at is this, the stevedoring and port charges, etc., are combined but is that percentage represented here a fair one?—A. Unless I see the account I could not tell you. I have not seen them.

Q. But the port charges constitute a substantial expense?—A. Port charges, or rather the Chairman gave me the expression, "port expenses." All this is a very heavy charge against the trade.

Q. Do you think that there is a possibility of, as far as Canada is concerned, our control of our own ports, of reducing the port charges and thus contributing to the reduction of the freight rates?—A. Personally we have advocated that we should have free ports in Canada but we never make much headway getting it.

By the Chairman:

Q. There is just one question along this line which I want to ask the Colonel: Colonel, you have to pay a rent to the Harbour Commissioners for your sheds?—A. Yes.

Q. In the old days you owned your own sheds?—A. Yes.

Q. And you had to put them up and take them down every year?—A. Yes.

Q. As to the expense involved in that, in the rent you pay the Harbour Commissioners, is it larger or is it bigger than the expense you used to have for putting up and taking down your own sheds, taking into consideration the superiority of the sheds you are able now to rent?—A. We would be able to make a good few of the wooden sheds for what we pay the Harbour Commissioners in Montreal. The expense is very much heavier now.

Q. But the accommodation is very much better?—A. We have splendid accommodation, I have nothing to say about it. It is fine.

By Mr. Symington, K.C.:

Q. The question I wanted to ask was, if the liners succeed in getting the Government through the Harbour Commissioners, to give free sheds and the rates are fixed in New York on the basis that they are to be the same in

Montreal and New York, would the shipowner get the benefit?—A. I think the matter would receive the very careful attention of the shipowner.

By Mr. Duff:

Q. Is not this rental which you pay to the Harbour Commissioners really a side wharfage charge or paid instead of a side wharfage charge?—A. No. I want to make it perfectly clear that there is no side wharfage charge in Montreal. What we pay for the sheds is not clear. The port of Montreal is free and any ship can come in and go out of Montreal without paying any dues.

Q. I understand that, but nevertheless, the cost of keeping up these wharves is a very large amount and the Commission or somebody must be paid for keeping them up. As I understand it the shippers pay rentals instead of side wharfage. For instance in Halifax and St. John the ships pay side wharfage and do not pay a rental for the sheds. In Montreal you pay a rental but not side wharfage. That is the same thing, is it not?—A. It is not the same thing because we are very proud of the port of Montreal being free and the Harbour Commissioners may put in their harbour charge something in the front wharfage that we do not know of. We would have to get their accounts up with the Committee.

By Mr. Johnston:

Q. I would like to ask Colonel Gear, from his long experience in shipping in the North Atlantic, if he would say or does he think that there are too many ships for the tonnage offering to-day or the cargo offering?—A. The steamers might be reduced, I will admit, but I would hate to be around when the howl took place in the trade. The trade want the whole of the service. They want weekly sailings for every port and if they do not have a ship there then we hear of it. The shippers are demanding the service and we are giving it.

Q. Your answer is that all the ships are necessary.—A. In that way, yes, sir.

Q. I think you gave figures to show that west bound they are only carrying about one quarter of what they are eastbound, one quarter of the tonnage?—A. It would be less than that when you have examined those figures.

Q. Is there any remedy for that, something that we could do or that the people of Canada could do, to assist in remedying that condition?—A. If you were desirous of destroying all your manufactures.

Q. If there was a greater tonnage or cargo offering westbound you would naturally be able to reduce your rate if you had a full cargo both ways?—A. It would be all taken into consideration.

Q. Is not that evidence that you could do business for less money if you had a cargo both ways?—A. That would be the economical condition and it would receive every attention.

By the Chairman:

Q. In other words, Colonel, you say that you could but you do not say that you would?—A. Oh, no, don't.

Q. It seems to me a fair translation. Am I wrong, Colonel?

Mr. ATWATER, K.C.: You might suggest a remedy for the want of west-bound cargo by adopting free trade?

The CHAIRMAN: I would not hesitate to suggest that remedy, not for a moment.

Sir HENRY DRAYTON: The Chairman would not do that and the reason why he would not do that is very plain; he wants to get loadings for the westbound movement and he knows very well that if Canada adopted free

trade England would be under a still greater disadvantage in this market than she is at present, having regard to the United States. Everybody knows it.

Several MEMBERS: Hear, hear.

Mr. SHAW: May I ask a question? I want to direct your attention for a moment to the question of rates. What would be the effect of the existing rates if ten more ships are put in the North Atlantic trade working in co-operation with the Canadian Government Merchant Marine, both outside the Conference. Would it raise or lower the rates?—A. Do you mean if the ten ships were to be put into the market and worked with the rest of us without cutting rates, what would be the effect?

The CHAIRMAN: Repeat your question, Mr. Shaw.

By Mr. Shaw:

Q. You understand the terms of the Petersen contract, so called?—A. Yes.

Q. Now, what I want to know is, if ten more ships are placed on the North Atlantic in co-operation with the existing Canadian Government Merchant Marine service there, both these lines outside the Conference and the commodity rates subject to Government control, what is going to be the effect on these North Atlantic freight rates? Are they going to be raised or are they going to be lowered?—A. You would create a new economical condition, with the Government compelling any line to quote rates which they would make. You may have one of three things as a result; the lines might decide to stay out and allow the other line to carry the cargo or they might meet the conditions, reduce their rate or meet the new rate. I suppose the third condition would be that the Government would order the line that they had subsidized to reduce their rate. Economically, in course of time, you would destroy your trade to the St. Lawrence. I think we would have to meet the rates. The final result would be general demoralization, for the reason that the trade is international. That seems to be a point that is really not controlled. We are in an international market so far as the United States are concerned. We are competing in Chicago just as keenly as we can compete to bring the goods this way to the advantage of the two big railways, who have very long stretches of lines and who would very keenly feel the lack of such freight. A reduction in rate in Canada would force at once a reduction in rate in the United States, because the United States Shipping Board, on pressure from the packers in Chicago, could not see their rivals in Canada shipping at a lower rate than what they are doing. You would thus have the United States Shipping Board reducing their rate and with the United States Shipping Board reducing their rate and our reducing it you would finally have a reduction in the space and you would have a likelihood of some action being taken by Washington which would be most detrimental to the trade in Canada. The Canadian Pacific Railway would have probably to stay in the trade because they are so much bound up in it, but it seems to me that that is the demoralization which would occur. The damage that you would do the freight on the St. Lawrence would be, that, instead of benefiting Canada, you would create a financial condition which would be pretty hard—Well, I would not want to contemplate it. Already England is not looking very favourably on this side for their financial investments and to create another condition would, in my opinion, still further alienate the English money market from the conditions in Canada and, as I said, I would hate to contemplate the conditions which might arise between Washington, who would put on—they would have to for self-protection—regulations which would interfere with the free traffic which we have to-day freely from coast

[Col. William I. Gear.]

to coast and then have to go elsewhere than London for our money. We get too much from New York now.

Q. If I might put it, sir, do I understand this to be the situation, that if government control, by way of the Petersen Contract, became effective and resulted in a reduction of freights pursuant to the Government's direction that the immediate results would be that the lines would have to meet the lower rates? Then you say that lower rate conditions might subsequently result in demoralization and lead into international complications of the first magnitude, that is the situation?—A. That is my view of the situation. It would be damnable for Canada.

By Mr. Rinfret:

Q. I happen to have some connection with the Union of Longshoremen, Montreal?—A. They are very nice men, too.

Q. I was told by some of their representatives that when they met the shipowners' representatives this spring to fix their wages they were given to understand that their wages could not be increased because the shipping companies expected to have to lower their rate if the Petersen contract was put through. Did you know anything about that?—A. I was not present at the meeting.

Q. You were not connected with the matter?—A. No.

By the Chairman:

Q. Colonel, you have based your idea or your assumption of disaster to the business on the ground that the Government would reduce or cause to be reduced freight rates to an unprofitable basis. Have you any reasonable ground for that assumption?—A. The contract.

By Mr. Duff:

Q. Following the question you answered a few moments ago would not your fears be disabused if it could be shown to this Committee that at the present time the steamers are charging rates which might be lowered without affecting the dividend or business of the steamers? It it could be shown steamers could reduce their rates ten per cent without hurting them very much, wouldn't that mean the steamers would come to Montreal and compete with the Petersen steamers and get 25 per cent of the cargoes inwards and outwards? A. Mr. Duff, you have been told and I am sorry the word of our auditor has not been accepted. You have been told we are losing money at the present rates. We have lost money for two years. How can we take another ten cents per hundred pounds or ten per cent or any price without losing further sums of money. If you can tell us how we can find money out of the sea I would like you to say.

Q. You admit you have lost money in the last two years?—A. Yes.

Q. Why as a business man, and perhaps business men in Canada and Great Britain, why do you not increase your rates in order not only to make it square, but make a big profit?—A. We would have had to advance them probably another twenty-five per cent. I do not know what the people of Canada or the Government would have said if we had done it.

Q. It is not the Government's business or the people of Canada's business?—A. Yes.

Q. If you have been losing money in the last two years I want to be shown whether you or anybody else can prove that. I am going to say right now that the steamers—if that is so—have not only the right to continue the present rates, but would be justified in increasing the rates?—A. Well—

Q. I am not sure whether the steamers are losing money or making excessive profits. You say you have been losing money for the past two years

and I would like to hear how that has happened and you have not increased your rates.

Mr. ATWATER, K.C.: I am told he increased the rate.

Col. GEAR: We did, but not sufficient.

Mr. ATWATER, K.C.: Is it not a material fact in answering the question—

Mr. DUFF: Let him answer himself.

Col. GEAR: I am sure when you see the accounts, whether they are seen by whatever auditor is appointed, that you will be fully satisfied. I want to say and it seems to be overlooked that while there has been a twenty-five per cent increase in rates, the twenty-five per cent increase did not apply to our main product. That seems to be lost sight of. The grain rate—and grain is the backbone of Canada—has not been increased. It fluctuates with the demand for it, and it was no higher, I think, or if it was, it was only a few pence, it was no higher last year than it was in 1914. The farmers of Canada have absolutely no complaint to make so far as comparative rates are concerned. It is true some of the other trades thought that something ought to be done somehow. We will prove to you, I hope to your satisfaction, the losses have been made.

Q. You say for the last two years these Conference steamers have lost money?—A. Yes.

Q. Very good. How do you fix these rates? How are they decided? As I said a moment ago the men who own these steamship companies are business men in the United States and Canada, the best business men. How do you determine the rates on different commodities?—A. We have to take the unit of value shipped, calculate what we have to carry over bare costs, such as grain, and with the balance we have to adjust the rate, that is taking dead weight measurement and carrying cost, risk of carrying goods as regards their value and likely heavy claims and all these little items enter into consultation.

Q. You are not doing that, you are losing money. I want to know why you business men have been losing money for the last two years and not getting a rate to pay expenses and give you a profit?—A. We have been living in hopes that old conditions would return and times would improve.

Q. That is not sound?—A. That is so.

The CHAIRMAN: Colonel, you said one of the considerations upon which you based the rate was what you would have to get per cubic ton, cubic ton of your boat in order to break even?—A. If the boat is to break even and simply pay depreciation one would require I suppose in the neighbourhood of 25 shillings a ton.

Q. With depreciation or without?—A. That would cover—

Q. With depreciation?—A. No.

Q. A full cargo?—A. That would be reasonable with depreciation. We would require to get 25 shillings.

Mr. DUFF: Right through?

Colonel GEAR: Full cargo.

Mr. SYMINGTON, K.C.: Both ways?—A. No.

Mr. SYMINGTON, K.C.: Do you mean a full cargo both ways or one way?—A. We only take care of the eastbound.

Mr. SYMINGTON, K.C.: Just one way.

Col. GEAR: One way.

The CHAIRMAN: A tenth of a cargo coming back.

Col. GEAR: I am not prepared to say.

The CHAIRMAN: About \$6?

Col. GEAR: You had better ask the auditors.

By Mr. Duff:

Q. Colonel, you said in your evidence, your direct evidence, there was no rate fixed as far as the Conference is concerned, regarding their steamers. Is that right?—A. Yes.

Q. Well, now as far as the liners or conference steamers are concerned, is it not a fact although tramp steamers may get more or less, probably a quarter of the grain, is it not a fact all the conference steamers charge the same rate? There is no competition as far as Conference steamers are concerned. That is the only difference between conference steamers and tramp steamers?—A. The tramp steamer does not enter into competition with liners except for grain or similar cargo. They do not take any other kind.

Mr. SYMINGTON, K.C.: He explained that. They met every morning, the liners fixed the grain rate.

By Mr. Duff:

Q. What I am asking is this: We understood from his evidence yesterday that the Conference steamers receive a smaller rate on freight than tramps, is that not right?—A. On grain.

Q. On grain, flour and cattle. Is it not a fact that the Conference steamers—it is a well known fact that the tramp steamer sometimes gets a larger rate or greater rate than the Conference steamers?—A. For grain.

Q. I am talking of grain, flour or cattle?—A. You must eliminate flour and you must eliminate cattle.

Q. We will take grain, is that right?—A. Yes.

Q. Tramp steamers get more?—A. On an average.

Q. Is it not a fact that the steamers in the Conference, in spite of the fact the tramp steamers may get more on grain, the conference steamers all get the same rate; there is no difference?—A. Sometimes it varies.

Q. Do the conference steamers fix the same rate? For instance if three steamers are loading they get the same profit?—A. Yes, precisely.

Q. That does not affect your profit, the fact that sometimes a tramp gets more?—A. No, it does not affect the conference in the least.

Q. That also applies to the bulk cargo carriers outside of the liners?—A. There are no bulk carrier cargoes outside of the tramp.

Q. The conference lines have cargo boats, or bulk carrying boats, have they not? For instance the Canadian Pacific have boats which are really freight boats entirely?—A. They are freight boats.

Q. That is cargo boats?—A. There is a difference in your meaning and mine.

Q. Is it not a fact, Colonel, that there is a reason why tramp steamers get higher rates on grain than liners? For instance, let me explain, brokers in Winnipeg have a certain quantity of grain to move, say twenty million bushels and they communicate with brokers in Liverpool that they want to move twenty million bushels and the brokers in Liverpool apply to the steamship brokers and they wire away for and get certain tramp tonnage. For instance there is one in Buenos Aires and one in Bahaii and they can supply ships to carry that cargo of grain at a fixed rate. The Conference steamers find out this fifteen million bushels are to be moved by tramp steamers and for that reason in order to get the fifteen million bushels the Conference steamers underbid, if necessary; is not that the way it is done?—A. I have already explained how it was done.

Q. I do not remember the explanation.

The CHAIRMAN: I think, perhaps, you were not here.

[Col. William I. Gear.]

The WITNESS: The Grain Committee meets daily to arrange quotations for grain on a minimum basis, simply a daily rate, and they of course take into consideration all the market conditions and quote accordingly.

By Mr. Duff:

Q. In other words, if there were no tramp steamers offered to carry this 20,000,000 bushels, your committee would meet and fix a rate to suit themselves, and not be goverend by the rate the tramp steamers get?—A. No, sir, they have to be governed by New York, whom they cannot ignore, no matter whether they are tramp steamers or not.

In other words, New York fixes the rate?—A. No sir, New York does not fix the rate; we arrange our own rate.

Q. Why do you say we have to be governed by New York?—A. Competitive market.

Q. But if this grain is to be moved out of Montreal—.—A. It can go to Buffalo.

Q. But if it is in the Montreal elevators?—A. I would love to see it in Montreal elevators; I have never seen it in my life.

Q. I am afraid you have never been down at the water front.—A. 15,000,000 bushels in Montreal elevators would be a godsend.

Q. Do you not have more than that?—A. No sir. I do not think you would find 15,000,000 bushels of wheat.

Q. During the whole season?—A. You said at one time.

Q. No, I did not. You said it, and I just asked you the question. Now, you said that the liners must have grain for ballast. They do not have to have it, they can have something else, can they not? For instance, they could use water for ballast if they could not get grain?—A. No sir. There is not a passenger liner, which is the main one we are talking about, but what requires some grain over and above the water ballast.

Q. What would happen if there was no grain?—A. She would stay in port till she got it.

The CHAIRMAN: Any further questions?

By Mr. Symington, K.C.:

Q. Just one question I overlooked, in the matter of production. Colonel, did your company get a cable from the Cairns-Noble Company last June, instructing a conference with the Minister of Trade and Commerce on the question of cattle rates?—A. We may have.

Q. If it came, you would have it, would you not?—A. Very probably.

Q. Would you look it up? It was about the 5th or 6th of June, 1924.—A. Yes.

Q. If you did get it, did you communicate with the Minister?—A. I did not personally.

Q. If it was in your firm you would, would you not?—A. No, Mr. Reford might have done it.

By Mr. McKay:

Q. One more question, Colonel. You have told us there are no conference rates on wheat, and you have also told us you fix the rates on wheat daily. Supposing you fix them next Monday morning at Montreal; will those rates correspond on the same day with the rates in New York?—A. Not likely.

By Mr. Symington, K.C.:

Q. You wire them, Colonel, do you not?—A. No, we do not. We do not tell them what we are doing.

By Mr. McKay:

Q. You said you were independent, and that is the point I am making. I want to know if the Conference rates are the same on this same day.—A. Pardon me?

Q. I want to know if the rates you fix in Montreal, say next Monday, for carrying wheat, would correspond with the rate fixed in New York?—A. Not generally.

Q. Does it usually?—A. No sir.

The CHAIRMAN: Any further questions?

Mr. ATWATER, K.C.: I think the Colonel said several times that they never fixed rates on grain.

The WITNESS: No, we arrange for a daily quotation.

Sir EUGENE Fiset: They fix a minimum.

Mr. SYMINGTON, K.C.: They daily arrange for a daily quotation.

Mr. ATWATER, K.C.: Which is perfectly logical and perfectly understandable.

By Mr. Duff:

Q. In other words, you have to meet every day because of the tramp competition as regards markets?—A. Tramp and general market conditions, which are changing all the time.

Q. And the general market condition is that there may be one tramp or ten tramps there?—A. It may be a question of the value of the grain in London as compared with what it is in Winnipeg, and we are in between and get squeezed.

Q. Do you mean to tell me you fix your rates according to the value of the grain to the farmer? For instance if the market is low, do you lower your rate?—A. No, we do not.

Q. Is it not a fact that the reason you meet every day to fix rates is because of the competition of tramp steamers?—A. No, it is the general competition. It is the rates being quoted out of New York, Boston, Philadelphia, Baltimore, Norfolk, and so on.

Q. Why do these rates fluctuate in Boston and New York and the other places? Is it not on account of tramp steamers coming in?—A. No sir, on account of the general demand.

By Mr. McKay:

Q. And yet probably they are all different?—A. They may be.

Mr. ATWATER, K.C.: They need grain as ballast.

Mr. DUFF: Why do they not take it free, then, if it is for ballast?

Mr. ATWATER, K.C.: Sometimes they do.

By Mr. McKay:

Q. If wheat were to decline in price to-day, say ten cents a bushel, would you accommodate your rates to that decline, tomorrow?—A. No sir.

By the Chairman:

Q. Supposing wheat went up ten cents a bushel to-day, would that lead you to charge a higher price for its carriage tomorrow?—A. No.

By Mr. McKay:

Q. Then the market condition does not govern?—A. The demand governs.

By the Chairman:

Q. That is, the demand for space in boats?—A. The demand of the market in England.

By Mr. Symington, K.C.:

Q. The demand of the market either way?—A. Yes sir.

Q. Now, Colonel, when these rates were declared open by your Conference, was it not arranged that you, in these Montreal meetings, were to wire New York, and also to endeavour to keep the Montreal rate over the New York rate?—A. I have no cognizance of any such thing.

Q. You never heard of it?—A. Never heard of it.

Q. You see the minutes from time to time?—A. There are no minutes kept of the Grain Committee.

Q. I say when they were controlled, up to three years ago, and when they separated and decided they were open, was there not some arrangement of that kind understood?—A. Not that I know of. I never heard of it.

By Mr. Duff:

Q. Colonel, is not the rate affected by the quantity of tonnage offering? If there is a large quantity to move, would not the rate likely be enhanced, more so than if there were a small quantity to move, and a large tonnage to move it?—A. Sometimes that is one of the elements and causes of fluctuation.

The CHAIRMAN: Well, gentlemen, if there is any other question the Colonel is here to answer it. If not, he has been on the stand for some time, and we might move on to another witness. We are very much obliged to you, Colonel, and there are some matters which you are to look up.

The WITNESS: I will try to get them for you; it will take a few days.

The witness retired.

WILLIAM THOMAS MARLOW called and sworn.

By the Chairman:

Q. Mr. Marlow, you are with the Canadian Pacific Railway Steamship Services?—A. No, I am the General Foreign Freight Agent of the Canadian Pacific Railway Company.

By Mr. Montgomery, K.C.:

Q. As General Foreign Freight Agent of the Canadian Pacific does the Atlantic ocean traffic come under your jurisdiction?—A. Directly.

Q. How long have you held that position?—A. Since March, 1919.

Q. Prior to that?—A. I should qualify that. In my present position as I have described it, I have just been there since February, 1922. Previous to that we operated our steamships separately from the railway, and I was General Freight Agent of the C.P.O.S., the Canadian Pacific Ocean Services.

Q. Then let us be clear on that. Since that time your duties have been enlarged, have they, so as to take in the rail as well as the ocean?—A. Yes; I have now jurisdiction over foreign traffic on the railways as well as on the steamships.

Q. Then prior to 1922 what was your title?—A. Prior to 1922 I was General Freight Agent of the Canadian Pacific Ocean Services Limited.

Q. And how long did you occupy that position?—A. From March, 1919.

Q. Prior to March, 1919, what were you doing?—A. I was with the British Ministry of Shipping, Canada.

Q. And what was your position with the British Ministry of Shipping?—A. I was deputy Director General.

By Mr. Duff:

Q. What was your title, Colonel, or General?—A. Deputy Director General.

MR. DUFF: I think we might confer a title on you now.

HON. MR. STEVENS: Call him Admiral.

[Col. William I. Gear.]

By Mr. Montgomery, K.C.:

Q. In that connection, you might inform the Committee as to what happened to trans-Atlantic shipping and tonnage during the war?—A. For the convenience of the Committee I have prepared a little memorandum, to save writing it out, which I have just prepared this morning.

The CHAIRMAN: I think it is the most uninteresting thing in the world to have to sit here and listen to a prepared memorandum.

Mr. MONTGOMERY, K.C.: You will not have to listen to a memorandum, as far as I am concerned.

The WITNESS: I can describe it to you.

The CHAIRMAN: Do so.

Mr. MONTGOMERY, K.C.: If it is a memorandum, it must be a very short one, because there is no written brief to be read.

The CHAIRMAN: It is more interesting and effective than to read it.

The WITNESS: Well, at the outbreak of the war, in 1914, the British Government, under the Defence of the Realm Act, took over all British registered ships which they required at the time for the transport of troops, and they appointed a Committee to determine the condition of the hire. These decisions of the Committee were embodied in what is known as "The British Blue Book Rates," and they also evolved a scheme of charter party under which ships were hired. At the time there was a Committee formed which consisted of some of the representatives of the owners, together with the Government. The scheme called for the owners to continue operating their ships and to turn over to the Government the results of each voyage.

By the Chairman:

Q. The pooled earnings, in other words?—A. No, the actual earnings, at the rates determined according to the Blue Book.

By Mr. Montgomery, K.C.:

Q. Let us get that right. The boats were first seized when the war broke out?—A. That is right.

Mr. DUFF: Commandeered.

Mr. MONTGOMERY, K.C.: Yes, commandeered when the war broke out.

By Mr. Montgomery, K.C.:

Q. And these Blue Book rates were fixed?—A. Yes.

By Sir Eugene Fiset:

Q. That was for freight, of course?—A. Yes; were Blue Book rates for the transport of troops, but that was arranged by the Committee.

By Mr. Montgomery, K.C.:

Q. What was the result during the first period when boats under British registry were requisitioned?—A. They were continued to be operated by the owners, and the owners were required to turn over to the Government the results of each voyage.

By Hon. Mr. Stevens:

Q. The gross earnings?—A. Yes, the earnings of the steamships.

Q. The gross earnings?—A. Yes. They were really taken over by the Government and the owners acted simply as managing agents.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. Mr. Stevens' question was as to whether or not they paid their wages and so on before turning over the balance to the Government?—A. I will come to that later. They were allowed a commission for that. They carried on as they did before the war in respect to management.

The CHAIRMAN: You have not seized Mr. Stevens' question. Mr. Stevens, will you ask it again?

By Hon. Mr. Stevens:

Q. Did they turn in the gross earnings to the Government?—A. Yes, they had an accounting with them for everything.

By the Chairman:

Q. But did they pay their wages, or did the Government return a percentage for that purpose?—A. No; it was not an immediate transaction; it was a matter of accounting. That was done some time afterwards.

Mr. DUFF: They turned over the net earnings.

Hon. Mr. STEVENS: You had better correct that.

The CHAIRMAN: Yes.

By Mr. Montgomery, K.C.:

Q. The amount that was turned over, Mr. Marlow, showed the net earnings, that is from freight, less the operating expenses?—A. Yes. It was all a question of adjustment afterwards in any case.

The CHAIRMAN: They turned over the gross profits.

Mr. SYMINGTON, K.C.: Less a commission.

Mr. MONTGOMERY, K.C.: Yes, less the management commission; they were allowed a management commission in the accounting.

The WITNESS: Shall I proceed?

Mr. MONTGOMERY, K.C.: Yes, go ahead.

The WITNESS: The Government dictated to the Committee what proportion of the space—that is, the Committee, consisting partly of steamship owners—was to be allowed for ordinary commercial cargoes, and fixed the rate to be charged for same.

By Mr. Montgomery, K.C.:

Q. When you speak of the "Government" what do you mean?—A. I mean the British Ministry of Shipping.

Q. And they fixed the rates.—A. For what was known as commercial as well as Government cargoes. In 1919 the Government gradually commenced to release the control of the ships, and in doing so stipulated that all lines were held at the disposal of the Government, a certain percentage for space for Government cargoes on voyages until finally de-controlled. This percentage varied each month, and gradually reached the zero point.

By Sir Eugene Fiset:

Q. For freight?—A. Yes, for freight.

By Hon. Mr. Stevens:

Q. When?—A. It reached the zero point in June, 1920.

By Sir Eugene Fiset:

Q. And the proportion of British cargoes and Canadian cargoes was adjusted afterwards?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Of course, as far as passenger rates were concerned, the rates were the rates fixed here by the War Purchasing Commission for every one of the liners, and the cargoes were adjusted in accordance with the Blue Book issued by the Shipping Ministry?—A. I had nothing to do with the passenger fares.

Q. But the cargo rates were the same—

Sir EUGENE Fiset: That is exactly what I think Colonel Gear was corrected upon yesterday.

By Sir Eugene Fiset:

Q. You mentioned "1919." That was completed in 1920, excepting for the remainder carried from England to Canada, as given to us by the British War Minister?—A. Yes, sir.

Q. After the boats began coming back in 1919, a certain amount of space was requisitioned by the Government?—A. Yes.

Sir EUGENE Fiset: Yes, but the rates continued to apply.

By Mr. Montgomery, K.C.:

Q. The point I want to get at, and which we are interested in here, is that the rates during the war—that is, the commercial rates—were fixed by whom?—A. By the British Ministry of Shipping.

Q. And you, for instance, as Deputy here, had nothing to do with the fixing of the rates?—A. Absolutely not. We were cabled out exactly what to do and were sent these forms, and we carried out our instructions.

By Sir Eugene Fiset:

Q. But you did give the Minister of Shipping information you had acquired on this side?—A. Yes.

Q. And the rates were fixed after they had obtained the information from you here in Canada?—A. No, sir.

By Mr. Montgomery, K.C.:

Q. I assume, if they wanted information from you for the purpose of fixing rates, they cabled for it, and received answers to the questions which they put?—A. Yes, but they did not ask for any information, which I recall, which would have a specific reference to the fixation of rates.

Q. That was done for all ports under the British Ministry?—A. Yes; in fact, it was universal. They even fixed the rates to Calcutta.

By Sir Henry Drayton:

Q. What they wanted to know was the probable movement of boats, the movement of boats under full load being important; is that right?—A. That is true.

By Mr. Montgomery, K.C.:

Q. So that in 1919, when the boats began coming back—

Sir EUGENE Fiset: May I clear up one point?

Mr. MONTGOMERY, K.C.: Certainly, Sir Eugene.

By Sir Eugene Fiset:

Q. Did you include under "Freight" the military equipment, such as guns, etc?—A. No, sir.

Q. Were they included in the passenger rates?—A. In the movements overseas at the time would be included such things as munitions, shells, and so on, but not mere military equipment.

Q. You mean personal equipment?—A. Yes, and guns.

By Mr. Symington, K.C.:

Q. Was not it the same in 1920 as the British Ministry of Food and Provision rates?—A. That was another ministry. There were various ministries created by the Government to take care of the necessities of the war. It was created at the same time as the British Ministry of Shipping.

Q. The rates I refer to were as of October, 1920, in regard to food?—A. Yes, they were formed to take care of that.

The CHAIRMAN: I suggest that Mr. Montgomery be given the right of way for a little while.

Mr. MONTGOMERY, K.C.: It does not bother me a bit, as far as I am personally concerned.

The CHAIRMAN: Yes, but I want to get on.

By Mr. Montgomery, K.C.:

Q. The point I was coming to was, at the time the boats were returned, did they all come back at once?—A. No, they were gradually released. A great many of them never came back at all; they were sunk.

Q. In 1919, when they began to come back, there was an existing tariff of rates?—A. There was.

Q. Which applied to all existing commodities?—A. To a majority of them.

Q. And that was, at the time, the current market tariff? There was a current tariff at that time?—A. I do not know whether you could call it a "Current market tariff," but it was a current tariff dictated by the Government.

Q. The rates determined on several classes of commodities?—A. Yes.

By Sir Eugene Fiset:

Q. Were those rates fixed on special commodities, or on bulk cargoes? I think it was bulk cargoes.—A. They were fixed on a long list of commodities.

Sir EUGENE FISET: Our information differs on that.

Mr. MONTGOMERY, K.C.: We are now talking to the Deputy Director General—

Sir EUGENE FISET: Yes, but the Deputy Director General was a representative of the British Shipping Ministry. We had in Canada the War Munitions Board that had the fixing of rates, not only for the transport of troops, but also for the transport of cargoes in these liners, and the rates were fixed, and it was generally thought they were accepted by the British Shipping Ministry, and we accepted them; but the quotations given to us were not on commodities but on cargo space. You could not possibly fix rates on commodities during the war. The United States did it before they entered the war, but not here in Canada.

Mr. MONTGOMERY, K.C.: Surely there must have been rates from Canada.

Sir HENRY DRAYTON: I think Mr. Marlow can tell you about that.

The WITNESS: As I understood it, it was the desire of the British Government that this requisitioning scheme should, as far as possible, allow shipping to continue as it would in normal times; they did not want to disturb things any more than was necessary. They realized there were establishments throughout Britain, Canada and the United States for the running of regular liner service, to permit them to function without any disturbance and they fixed rates which were arranged for normal running as far as they could.

By the Chairman:

Q. Is my note correct, where I say, "When the boats were returned to private control a number of rates established by the British Ministry of Shipping" were in existence?—A. Correct.

Sir EUGENE Fiset: The commodities created during the war did not then exist. Take, for instance, a shipment of canned goods overseas; that was purely a war commodity, and it is hardly possible now to make a comparison of commodities transported during the war and those transported at the present time.

By Mr. Montgomery, K.C.:

Q. And was this line of commodities fairly general or fairly limited?—A. It was general; it probably covered everything that was moving at the time.

Q. And those were the rates which were current for trans-Atlantic carriages as the boats kept gradually filtering back?—A. Yes, early in 1919.

Sir HENRY DRAYTON: I do not think there is much difference between the witness and General Fiset. I think the commodity rates referred to by the witness are the ordinary mercantile rates, and I think they were the general rates which were applicable to the Department of Militia, of which the General knows.

Sir EUGENE Fiset: Not quite, Sir Henry. There is no doubt about it that the commodity rates fixed by the Ministry of Shipping in England tried to adopt as near as possible the rates applicable to the commodities used in ordinary times, but so many commodities were created during the war, both in the United States and Canada—such, for instance, as canned goods—that a comparison is very difficult, and the rates on those commodities during the war do not apply at the present time.

Sir HENRY DRAYTON: Nothing applies at the present time, but I think the witness can give you the exact facts.

The WITNESS: The General mentioned canned goods. The British Ministry issued rates on private cargoes, and they described it then as \$1.25 per hundred pounds, and the Government when they purchased the goods were charged 40 shillings per ton weight.

Sir EUGENE Fiset: I am not criticising what you say at all, but I want to establish it is hardly fair to compare the circumstances that existed during the war with the circumstances existing at the present time.

Sir HENRY DRAYTON: We all agree on that at once.

Mr. MONTGOMERY, K.C.: I want to bring out how the tariffs came into force. Of course, it is the fact that the tariffs in 1919 were covering a certain set of commodities, and they have been gradually coming down. It was not a question of building them up from 1913. I want to get the facts on the record.

By the Chairman:

Q. You were asked to say upon what the Ministry of Shipping based themselves in fixing the tariff rates for movements of certain freight from Montreal to Great Britain?—A. I have no knowledge of that.

Q. I would imagine that the Ministry of Shipping would not just work these things out from their own heads; they would naturally look at what had been charged for similar services prior to that time?

Sir HENRY DRAYTON: I do not think so. Mr. Chairman, I had something to do with that matter. The problem before the British Ministry was very simple. They wanted to get as much money as they could; they were insuring the boats and taking all the chances against loss from submarines and all that sort of thing. They were interested in two things; first to get all the money they could; secondly, to see that every boat was loaded 100 per cent and only sent where they would be used.

Sir EUGENE Fiset: And thirdly, get the money.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. Was the condition you describe limited to the St. Lawrence— —A. No, in the North Atlantic trade they applied all the way around from the Gulf of Mexico to Montreal.

Q. And the same condition existed when the boats were handed back?—A. Yes, it existed when the boats were handed back. The rates were somewhat higher from the Gulf of Mexico.

Q. And the boats came back to you— —A. Yes, with these attached to them, because there was still more or less control of the space.

Q. And what has been the course of rates since that time?—A. The general trend has been downward.

Q. We have had a comparison of rates prevailing in 1913 with those prevailing in 1924. Has the fixation of the tariff of rates any relation with the 1913 rates, or what was the source from which the evolution of rates is proceeding?—A. Well, I am certain that the condition that prevailed when the vessels came back to the owners after de-control and the lines got together in Conference again has had nothing to do with it; they had nothing in their minds about 1913 at all. They came into a new era, a new set of conditions.

Q. There were certain existing rates that were prevalent— —A. Yes, which apparently were considered fair, and they took those more or less as guides to start with.

Q. Those were followed?—A. Yes, and various meetings followed, of course. We had our monthly meetings, and from time to time modifications took place. I remember on one occasion when a general horizontal reduction was made throughout the whole tariff.

Q. So that we will understand this matter, there was not any direct cutting-off when the boats came back into private hands?—A. No.

Q. And there was not any fixed date upon which the boats were turned back to their owners?—A. No.

Q. It was a process which came about gradually, beginning in 1919?—A. Yes.

By Sir Eugene Fiset:

Q. It began at demobilization?—A. Yes.

By Mr. Montgomery, K.C.:

Q. More tonnage began to be available for commercial purposes, as it was released?—A. That is correct.

Q. And the course of rates from that time was naturally downward?—A. The trend was generally downward, yes.

Q. Now, in the meantime, had anything occurred as between the Conferences which you have mentioned—that is, the North Atlantic, the South Atlantic and the Gulf—as regards control of shipping in the United States?—A. Yes. The situation after the war was entirely different to the one prevailing before the war. So far as trans-Atlantic trade was concerned, two governments became owners of shipping lines. The United States became very extensive owners and they naturally had to introduce themselves to commercial shipping, and one of the first things I remember in 1920 was an invitation to Washington; that is, they asked delegates from the North Atlantic Conference to come down to Washington and confer with the delegates from the South Atlantic and the Gulf Conferences—well, they were not "Conferences" in those times—with the Gulf shipowners and operators, to devise a general scheme whereby the rates could be made stable, and, I presume, so there would not be rate-cutting.

Q. You spoke of the Government doing this—the United States Government?—A. The United States Government.

Q. Was this done through the instrumentality of the United States Shipping Board?—A. Yes, through the United States Shipping Board.

Q. The Board created under the Act of 1916, which has been referred to?—A. That is right. At that time I do not think they were operating separately as the United States Emergency Fleet Corporation; it was as the United States Shipping Board.

By the Chairman:

Q. They issued an invitation?—A. They issued an invitation.

By Mr. Montgomery, K.C.:

Q. The first Trans-Atlantic Conference as between the North Atlantic, the South Atlantic, and the Gulf districts was summoned by the Shipping Board to be held in Washington?—A. I would not use the word "summoned"; we were invited to come together, but I presume, as regards lines trading to the United States ports, they would consider it was a command.

By Sir Eugene Fiset:

Q. It was in your great interest to go?—A. Yes, it was.

By Mr. Montgomery, K.C.:

Q. Did you go?—A. I did.

Q. So that you were present at the inception of the South Atlantic and the Gulf Conference, and the Tri-partite Conference?—A. Yes, sir.

Q. And that was held at Washington?—A. In 1920.

Q. On the Government's invitation?—A. That is right.

Q. Tell us, in a way, what took place?—A. I wonder if I could beg the indulgence of the Chairman if I read—

Mr. MONTGOMERY, K.C.: Do not read anything which you have prepared for this occasion.

The WITNESS: This is a little memorandum that I made at the time. It is very concise and will give you an idea of what went on, and I think will save a lot of questioning later. I made this as a report to the Canadian members of the Conference. The writer associated with Mr. Blake of the Cunard Line and Mr. Love of Messrs. Furness, Withy & Company, Limited, was appointed delegate of the North Atlantic Conference Northern Range to United Kingdom Ports, to meet representatives of the United States Shipping Board ships at Washington, Friday, April 23rd, with a view to effecting the arrangement in the mutual interests for the agreement and stabilization of freight rates by regular lines. A meeting was held in the office of the U.S. Shipping Board, Washington, at 10.00 a.m. on the date appointed and at the outset it developed that the Shipping Board had lined up their various operators and managing agents in the United Kingdom trade into three groups or Conferences: (1) Gulf Ports, (2) South Atlantic Ports and (3) Northern Range Ports. Following what was anticipated by the Shipping Board in this regard, the British and Foreign Lines had also grouped themselves at South Atlantic and Gulf Ports similarly, while, of course, we had for years our established North Atlantic Conference.

By Mr. Montgomery, K.C.:

Q. Prior to that time there had been no South Atlantic or Gulf Conferences?—A. Not that we were aware of, nor was there any relationship with them. At the meeting, the representatives, therefore,—

By the Chairman:

Q. What date was that meeting?—A. April 23rd, 1920.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: I think the minutes of that meeting are one of the exhibits which have been filed.

Mr. SYMINGTON, K.C.: No, they are not there. I think we started with 1921.

The CHAIRMAN: When was that suit taken in the United States to dissolve three of these conferences?

Mr. FLINTOFF: That was the last proceeding by the Shipping Board?

Mr. MONTGOMERY, K.C.: That was regarding the differential, and was between a tobacco grower and the Shipping Board.

Mr. SYMINGTON, K.C.: There was an action to dissolve the South Conference in the 1914 report which you have.

The CHAIRMAN: That was my recollection. It seemed strange to me that the witness said there has not been a Gulf Conference or a South Conference between them.

The WITNESS: I did not say that. I said there was no relationship between the North Atlantic, and the Gulf and the South Atlantic.

Mr. MONTGOMERY, K.C.: I think I gave you the wrong impression, Mr. Chairman, but the witness has corrected me. You got that from my erroneous asking of the question.

The WITNESS: At the meeting, the representative therefore divided themselves under the three groups; the representatives of the Gulf outlining their views jointly on behalf of both the Shipping Board interests and Foreign Lines. Similarly the South Atlantic and the Northern Range interests were joined in presenting their views on behalf of each port distribution. It was understood that permanent arrangements would be made for regular Conferences between the Foreign interests in each port distribution and the U.S. Shipping Board representatives, and that communication between each should be established on similar lines to that followed for some time past at New York as between the Shipping Board and the North Atlantic Conference. It was furthermore thought that when necessary joint Conferences of all interests could be held. No definite procedure in this regard, however, was arrived at. My own opinion is that at New York the U.S. Shipping Board interests will have a Secretary for their Conference, the same as we maintain in the North Atlantic Conference, and that through these rates and arrangements will be agreed. An arrangement was established whereby the initiative in rates would be left with certain districts. A great deal of discussion took place on this point and the following was the final decision: Gulf and South Atlantic Ports to have the initiative in rate-making on the following commodities:—

Cotton and Linters.

Cotton Seed Cake, Meal and Hulls.

Pitch Pine or Cypress Lumber, Logs and Timber.

Naval Stores.

Let me explain to the Committee that down in the South they consider resin, turpentine, etc.—

The CHAIRMAN: And tar?

The WITNESS: Yes, and tar, as naval stores.

Mr. MONTGOMERY, K.C.: Where you find reference to these classes of rates, like "neutral rates" and so on, which were referred to yesterday by Mr. Symington, just explain them as you go along.

The WITNESS: All right. Sisal, Ixtle, Rice, Sulphur, Phosphate Rock, pitch and tar, cane syrup, and molasses. That ends the Gulf initiative list.

In respect of the following, which was termed a collateral list, the rates may be proposed by either the Gulf, South Atlantic, or the Northern Range

Port Interests in Conference, but the rates must be unanimously agreed to before becoming effective.

By Sir Eugene Fiset:

Q. By whom?—A. By all, including the North Atlantic Conference.

These commodities were lumber, timber and logs not otherwise specified, that is, not Cypress; cooperage, tobacco, all weight articles. We mean by dense weight article, steel of all kinds, and bulky articles like that; pig iron, bags, spelter and so on, green coffee and borates.

In respect of all other commodities it was understood, following the practice of the past, that the North American lines would have the initiative in establishing the rates.

By Mr. Montgomery, K.C.:

Q. That will serve to explain what initiative means?—A. Yes.)

By Mr. Symington, K.C.:

Q. You said: "Following the practice of the past, the North American lines would have the initiative in establishing the rates." What does that mean, in your report?—A. I don't know what that means in there, unless it means that as between the Shipping Board lines and themselves in the north they had some such arrangement. The North Atlantic Conference had no such arrangement.

Altogether it was considered that enormous advantage had accrued to all steamship interests by the recognition of the Government, through the Shipping Board, of the principle that ocean carriers were entitled to a reasonable profit over the cost of operation. A feeling of good fellowship was established as between the foreign—and that meant largely British—and United States shipping interests, and there is no doubt that a great deal was gained in the obtaining of Government sanction in the stabilization of rates in what might be a weak market.

The *New York Journal of Commerce* at the time described the decision as one of the most important developments in the history of American shipping.

By Mr. Montgomery, K.C.:

Q. Prior to that time had there ever been a Conference or Conferences?—A. Not that I was aware of.

Q. Since that time, any meetings of these Conferences, at whose instance have they been held?—A. They have all been held at the instance of the United States Shipping Board.

By Mr. Symington, K.C.:

Q. All the subsequent joint meetings?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Some of those minutes have been filed as exhibit number 17?—A. Yes.

By Sir Eugene Fiset:

Q. Are they all out of Government control?—A. Some of them are not out of Government control yet. In the United States they have a large fleet owned yet. These are the records of the joint meetings, such as were kept.

By Mr. Montgomery, K.C.:

Q. And you find at the head of each a large number of representatives of the United States Shipping Board present?—A. Yes.

[Mr. W. T. Marlow.]

By Sir Eugene Fiset:

Q. Representing the Conference?—A. Yes sir, known as the Gulf, South Atlantic and North Atlantic conference.

By the Chairman:

Q. Might I interject a question here? Has that feeling of good fellowship and amity continued to exist between the different Conferences?—A. No sir. We have come to more or less a difference of opinion as regards the differentials in the rates as between the districts, and that is what led things into the condition which brought about the differential case which you referred to.

By Mr. Shaw:

Q. Wasn't the Conference dissolved?—A. It was not exactly dissolved, but the basis of the relationship was dissolved.

Q. What do you mean?—A. That the Gulf and South Atlantic had a preference in the rate, that is, they took 15 cents per hundred pounds or $7\frac{1}{2}$ cents per cubic foot generally over the North Atlantic rate to make up their rate.

Q. Why did the Court dissolve this tripartite Conference?—A. It was the United States Shipping Board.

Mr. MONTGOMERY, K.C.: May I read a paragraph from the judgment filed as Exhibit No. 17B. What was complained of was the differential against the Gulf Conference.

The CHAIRMAN: It was rather in favour of the Gulf Conference.

Mr. SYMINGTON, K.C.: Their rates were rather in favour of the Gulf Conference.

The CHAIRMAN: Somewhat higher?

Mr. SYMINGTON, K.C.: Somewhat higher, but not high enough in accordance with the costs. It was found that it was not unfavourable.

By Mr. Shaw:

Q. Then I take it that the Shipping Board refused to recognize the agreement; is that it?—A. No, the Shipping Board made the agreement, but they found the basis which said that the North Atlantic rates with fifteen cents per hundred pounds or five cents per cubic foot I think it was, added to the North Atlantic, was too high under superficial conditions for the Gulf, that it imposed too great a burden on the Gulf Lines.

By Sir Henry Drayton:

Q. In other words, the Conference rates were too high for the Gulf?—A. That is it.

Mr. SYMINGTON, K.C.: Quote the reference, Mr. Montgomery; read the headnote of the case, and you will see what it says.

Sir HENRY DRAYTON: Read the headnote of the judgment, Mr. Montgomery.

Mr. SYMINGTON, K.C.: I think it said it was not discriminatory to the south but it was an illegal rate.

Mr. MONTGOMERY, K.C.: If you had ever read it, you could not say that. The United States Shipping Board Act expressly recognizes the Conference, and in so many words exempts them. It says how the case was decided. I can establish more than that. It was decided certainly in the presence of enough lawyers. There are three pages of appearances.

Sir HENRY DRAYTON: Then it must be wrong.

The CHAIRMAN: I have to protest against that.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: I am afraid I am doing an injustice to the profession.

The CHAIRMAN: Go ahead and tell us what the Court said.

Mr. MONTGOMERY, K.C.: I am going to read the headnote, at my learned friend's request. The headnote says:

"On export traffic to certain foreign destinations, existing differentials and rates not shown to unduly prejudice South Atlantic Ports in favour of North Atlantic Ports, as alleged; maintenance of same rates from Atlantic and Gulf Ports on so-called parity commodities not shown to constitute undue prejudice or unjust discrimination, as alleged. Upon investigation, present rate adjustment between North Atlantic, South Atlantic and Gulf Ports to foreign destinations indicated not shown to be unduly prejudicial or unjustly discriminatory.

Tripartite Conference agreement unfair as between carriers and operates to the detriment of commerce of the United States."

You will probably remember that under section 15 of the Act they were required to file their agreement in Washington, that as well as others, and if there is anything considered unfair or prejudicial, or anything of that kind in the agreement, the Shipping Board has a right to disallow it, under Section Number 15. The ones not disallowed are exempted from all such anti-Trust Acts as the Sherman Act, and Acts of that kind.

Sir HENRY DRAYTON: Where does that leave us? They have a finding that parts of these are declared to be illegal.

Mr. MONTGOMERY, K.C.: In the first place they discuss as to whether these differentials were unjustly discriminatory. All that I find is:

"Section 15 of the Shipping Act, 1916, enjoins upon common carriers by water subject to the Act the duty of filing with the Shipping Board agreements of the character now under consideration. The term 'agreement' as used in that section is stated to include understandings, conferences, and other arrangements whether oral or written. Paragraph 2 of said section provides:

"The Board may by Order disapprove, cancel, or modify any agreement or any modification or cancellation thereof whether or not previously approved by it."

this one has been approved by it previously. I understand this had been previously approved by the Shipping Board itself.

The WITNESS: No disapproval had been filed with them, and no disapproval had been made.

Mr. MONTGOMERY, K.C.:

"—'that it finds to be . . . unfair as between carriers, shippers . . . or ports, or to operate to the detriment of the commerce of the United States.'"

"and paragraph 3 provides:

'It shall be unlawful to carry out any agreement or any portion thereof disapproved by the Board.'

"Upon the record in this case the Board finds that the existing tripartite arrangement or agreement between the North Atlantic, South Atlantic, and Gulf Conferences and the steamship lines operating from ports on the North Atlantic, South Atlantic and gulf coasts of the United States to the foreign ports hereinbefore mentioned, is unfair as between carriers and is detrimental to the commerce of the United States."

"Appropriate orders will be entered."

That is the part of the judgment which is summarized by that last paragraph.

[Mr. W. T. Marlow.]

Mr. DUFF: What does that mean, "detrimental to the commerce of the United States"?

Mr. MONTGOMERY, K.C.: That it was unfair as between those sailing from southern ports as against the north, and that part was set aside. The differential which had been established apparently was not sufficient to protect the South Atlantic, or something like that.

Mr. SYMINGTON, K.C.: My recollection is this: the shipping lines showed that the North Atlantic traffic cost at least 25 per cent less than the Gulf traffic; the rates on the North Atlantic were not 25 per cent or anything like that below the Gulf traffic, therefore it was unfair as between shippers but not discriminatory as against the Gulf or the South.

Mr. MONTGOMERY, K.C.: I have not had an opportunity of reading this judgment recently, because it was filed, while my learned friend has had ample opportunity of reading it.

The CHAIRMAN: I think you might proceed. I doubt if it is worth while spending more time on it.

Sir HENRY DRAYTON: Are you placing stress on that, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes. I am going to call attention to the fact that according to that judgment the North Atlantic rates were high as compared with the others by reason of the Conference. We can argue it when the time comes.

Sir HENRY DRAYTON: I just want to get the point.

Hon. Mr. STEVENS: This is beyond some of us ordinary individuals. What interests me is this: Was the judgment given by the court of the United States declaring that the North Atlantic rates were unreasonably high?

The WITNESS: I can answer that. That was not the effect of the judgment.

Hon. Mr. STEVENS: Mr. Symington says it was. He is the counsel that I am supposed to believe because he is retained by the Government.

The WITNESS: It was dissolved because the United States is interested largely in steamship lines running for the Gulf and they did not think that under this arrangement by which higher rates were charged the steamship lines were getting a fair share of the traffic from the interior. However, I think they will come together in a short time and make another arrangement, which will make a tripartite agreement to not impose as high a rate as existed in the Gulf as in the North Atlantic, so there is nothing in the judgment which implies that the North Atlantic rates are unreasonable.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, after this time—I will deal by periods—had the United States Shipping Board representatives formed part of the North Atlantic Conference or been represented at the several meetings?—A. Up to very recently they have not been members of the North Atlantic Conference. They had a North Atlantic Conference of their own. They sat in with us for convenience but they had their own conference in the North Atlantic until recently.

Q. The United States Shipping Board?—A. Yes, the United States Shipping Board.

Q. When you say they sat in with you, what do you mean?—A. At first we held our meetings separately and afterwards it was arranged, for convenience, that they sit in with us and we said we had no objection but they still retained the right of an individual conference, to have their own say.

Q. These rates, would they be fixed at meetings, as you described?—A. At the joint meetings.

Q. It has been suggested that the influence—

By Mr. Duff:

Q. The rates might have been different between the Shipping Board and the North Atlantic Conference; the rates might have been different?—A. No. We agreed to them.

Q. They were in the Conference?—A. It depends on what sense you put "in the conference".

By the Chairman:

Q. They sat in together and they arrived at a rate which they both charged?—A. That is right.

By Mr. Montgomery, K.C.:

Q. Which they both thought was a reasonable rate?—A. Correct. They have extensive propaganda throughout the United States, through agents of the independent steamship lines with the idea of inducing shippers to use United States flag steamers.

Q. It has been suggested that the American interests were predominant in the North Atlantic Conference. I would like to know what you have to say about that?—A. My idea of influence would be the ownership of the vessels. As a matter of fact, the membership in the conference is according to ownership and my recollection is that there are fourteen British lines and now four United States Shipping Board Lines, and one of the points brought out in this differential rate case was that the British influence was too strong for the American.

Sir EUGENE Fiset: That is terrible.

By Mr. Montgomery, K.C.:

Q. How many ships do the American Shipping Board represent at the conference or what percentage of tonnage was represented at the conference, American and British?—A. I cannot answer that offhand but I will be pleased to get it for you.

By Mr. Rinfret:

Q. When you say "British" what is the proportion for Canada?—A. With the exception of the Canadian Government Merchant Marine I think all ships trading to Canada are under the British flag.

Q. What about the C.P.R.?—They are under the British flag.

By Mr. Symington, K.C.:

Q. As between residents of Canada and the United States the statement was correct?—A. Yes.

Q. Of course you get into a controversial question. Many British lines are represented by British citizens in the United States.

By Mr. Montgomery, K.C.:

Q. I presume people who represent British lines in the United States are residents in the United States at the present time?—A. Yes.

Q. So that the North Atlantic Conference, with the exception of the United States Shipping Board boats, was entirely made up of British lines?—A. The United Kingdom Conference, yes.

Q. I am speaking now of the North Atlantic U.K. Conference.—A. Entirely British lines.

By Sir Eugene Fiset:

Q. Subject to what Mr. Marlow says that the North Atlantic U.K. Conference attended their meetings in order to fix rates.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: That brings me to this point. May I quote from the judgment just one more paragraph:—

“In this connection it should be pointed out that the membership of the North Atlantic Conference is predominantly foreign. This foreign membership with votes outnumbering by far those of the American members dominates the tri-partite conference and the rates applicable to American commodities moving in American bottoms and from American ports. The result is effective control by foreign lines of an extensive portion of our commerce and of much of our shipping. Manifestly, in view of the responsibility imposed in it for the upbuilding of an American Merchant Marine this situation calls for unequivocal action on the part of the Board.”

That Conference includes not only U.K. Conferences but the Continental Conferences?—A. That had reference to all conferences in the tri-partite agreement.

Mr. MONTGOMERY, K.C.: It was suggested that the United States Shipping Board can outweigh the decisions of the North Atlantic Conference, which is predominantly British.

Sir EUGENE Fiset: No, because technically speaking, they do not form part of the conference but for the purpose of fixing the rates, the rates they do charge.

By Mr. Montgomery, K.C.:

Q. How many representatives had they, treating it on that basis?—A. The United States Shipping Board all have their own lines, being represented by one, who was the mouthpiece of their Conference.

Q. Assuming where any question came up as to whether there should be an increase or a reduction in a particular rate and there was a difference of opinion happened, which required a vote, how many votes would the United States Shipping Board representatives have?—A. Their one dissenting vote would destroy the arrangement.

Q. As regards votes, did each line have a vote?—A. Each line had a vote but all decisions were unanimous.

Q. Did the United States Shipping Board representatives have any greater number of votes, putting it that way or any greater influence than any line like your own, for instance, participating in the North Atlantic Conference?—A. No.

Sir EUGENE Fiset: But they would have the weight of the Government at their back.

By Hon. Mr. Stevens:

Q. At page 25 of the Preston Report it is stated:

“British steamship interests control, not only the North Atlantic steamship traffic but exercise a predominating influence in the great world-wide steamship Combine.”

Would that indicate that the British interests predominate in the North Atlantic Combine? I would like to ask Mr. Marlow if he agrees with that statement of Mr. Preston's?—A. I cannot agree with Mr. Preston's statement.

Q. Is that on general principles? I am talking about this statement.

The CHAIRMAN: Oh! Mr. Marlow says he does not agree with Mr. Preston's expressed view there.

Sir HENRY DRAYTON: It is a good place for an Ocean Rates case.

By the Chairman:

Q. I do not think you answered Sir Eugene's question which was perhaps put rather in the form of an assertion. I suppose in the Conference at which

[Mr. W. T. Marlow.]

the representative of the American Government sits he does have considerable influence in view of the fact that he represents one of the most powerful countries of the world?—A. Yes.

Q. What is the situation as regards the North Atlantic Conference, as regards the United States Shipping Board? Is there any change to be noted? What is the position as between the North Atlantic Conference and the United States Shipping Board at the present, whether the arrangement is the same as that which you described?—A. There has been a recent change. Instead of the representative of the Shipping Board sitting in, the principal managers of the shipping board lines from the various ports have now applied and become members of the North Atlantic U.K. Conference. There are four in all. They have consolidated their services, making four in all. They consolidated their services to avoid overlapping.

By Sir Eugene Fiset:

Q. There is no representative of the United States Shipping Board?—A. At present sitting in the meeting, but there are four members of the Steamship lines.

By the Chairman:

Q. What disposition did the American Shipping Board make of its ships in order to make it possible that there should be four different lines operating their ships?—A. Before this time they had services overlapping. For instance, they would have one managing agent from Baltimore to London and from Boston to London. They found there was more or less conflict in the service from Baltimore to London and from Boston to London and they gave one manager from Baltimore to London, to Rotterdam and so on.

Q. When you say operating owner does that signify that the United States Government turned these ships over in ownership or merely gave them over for the purpose of being operated?—A. Both applies. Some lines operate with purchased ships from the Shipping Board, supplemented by ships still owned by the Shipping Board.

By Sir Eugene Fiset:

Q. That is the reason why they have four managers instead of one. As the area is divided they had to get more membership but still they had the influence of the United States Government at their back?—A. They had the four representatives because they have decided that rather than have the Board representative, the managing agents should have more say in the operation of the ships and in the traffic arrangements.

By Mr. Montgomery, K.C.:

Q. And the Canadian Government Merchant Marine was itself in the same way, until quite recently, a member of the same Conference?—A. Yes.

Q. Sitting as did your own line and the Shipping Board representatives, and so on?—A. Yes.

Q. Have you the minutes of the meeting of October 7th, 1920?—A. I have.

Q. As a matter of fact I will not take it up now. The Canadian Government Merchant Marine applied for membership in the Conference and were invited to go into membership and their representatives attended meetings from that time on until quite recently?—A. Yes.

Q. And participated in the several Conferences and rates were fixed and so on?—A. Yes, that is so.

The CHAIRMAN: I remember two years ago Mr. Cunningham who was before our Committee was very careful to say they only sat in. I have not been able to see the difference between sitting in and forming part of.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: We had the North Atlantic Conference with the Shipping Board sitting in and the Canadian Merchant Marine sitting in. If the operations of time have been disturbed I hope you will not blame the North Atlantic Conference for it.

Mr. DUFF: They were encouraging them.

Hon. Mr. STEVENS: I wonder could I interject this question. Does the Canadian Government Merchant Marine sit in at the Pacific Coast Conference?

Mr. MARLOW: I believe they did until recently, I do not know that.

By Mr. Montgomery, K.C.:

Q. Coming back to the rate question which has been discussed, you have told us that the trend of rates has of course been downwards since 1919 when the boats came back?—A. Yes.

Q. Differing in different commodities?—A. Differing on different commodities.

Q. Can you give us any idea as to the average percentage of production, for whatever averages are worth?—A. As I work it out, it averages 55 per cent.

The CHAIRMAN: When?

Mr. MARLOW: Between 1919 and 1924.

Mr. MONTGOMERY, K.C.: I assume that is in commodities exclusive of grain. That is not the Conference rate?—A. That is not a United Kingdom Conference rate.

Mr. SYMINGTON, K.C.: Is it included in this figure?

Mr. MONTGOMERY, K.C.: Am I correct in my assumption?

Mr. MARLOW: It is not included in that figure. These are general merchandise figures.

Mr. MONTGOMERY, K.C.: Does it include commodities on which rates are fixed by the Conference?

Mr. SYMINGTON, K.C.: You mean fixed in New York by the Conference?

Mr. MONTGOMERY, K.C.: New York, or Montreal, or wherever it may be.

Mr. SYMINGTON, K.C.: Fixed by the whole Conference is fixed by the Liner Committee.

Mr. MONTGOMERY, K.C.: I will have to make an exception in Mr. Symington's case to the invitation I extended to everybody to ask questions.

The CHAIRMAN: The witness was scrupulously particular in stating it is not fixed by the General Conference.

Mr. MARLOW: That is right.

The CHAIRMAN: He was very careful to say "general."

Mr. MONTGOMERY, K.C.: The average which you have given us is the average reductions in rates on commodities where the rates are controlled by the Conference.

Mr. MARLOW: That is so.

Mr. MONTGOMERY, K.C.: Grain is not included.

Mr. MARLOW: Grain is not included in that. Grain rates are about the same in 1924 as 1919.

Sir EUGENE Fiset: Nothing whatever for maximum or minimum.

Mr. MONTGOMERY, K.C.: I was talking about the reduction of 55 per cent. You intimated as I understand grain rates were not fixed? We are talking about whether they were included in the 55 per cent.

Q. The question has been asked as to what factors are taken into consideration in fixing rates or as has been stated by the Chairman what process has

[Mr. W. T. Marlow.]

been gone through, to use the words of the Chairman?—A. The factors are: Nature of the goods, nature of the packing, character of the packing, their weight, their stowage in relation to the weight.

The CHAIRMAN: Difficulty or ease of stowage.

Mr. MARLOW: No, what is meant, you will get some goods that will weigh one ton and measure four ton.

By Mr. Symington:

Q. Your average covers whichever is more profitable?

Mr. MONTGOMERY, K.C.: Mr. Symington wishes to know whether the tariff covers the commodities which are profitable.

Mr. SYMINGTON, K.C.: That is true. Take the stowage is greater than its weight, isn't that so?

Mr. MARLOW: No, the optional rate you mention is for a cargo where it is specified in the tariff. Very often we will take, if I may explain, a commodity such as clothes pins or wooden chairs that will not stand the measurement rate and we make a low rate for that space.

Mr. MONTGOMERY, K.C.: Have you finished your enumeration of the factors?

Mr. MARLOW: No, I was in the middle of it.

The CHAIRMAN: The nature of goods, character of packing and weight. I have put down bulk in respect to weight.

Mr. MARLOW: That is correct. Fuel, whether they are hazardous—

The CHAIRMAN: Hazardous of transportation?

Mr. MARLOW: Safety of the ship.

The CHAIRMAN: Whether the goods making up the cargo are likely to be destroyed.

Mr. MARLOW: Without damage to the ship.

Mr. MARLOW: Yes, or anything inflammable.

The CHAIRMAN: To the ship?

Mr. MARLOW: Yes.

The CHAIRMAN: Explosives would be hazardous.

The CHAIRMAN: Hazard to the ship?—A. Hazardous goods.

The CHAIRMAN: From the cargo?

Mr. MARLOW: Yes, liability to damage. Frequently these factors are obviously not applicable but they are all taken into consideration.

Mr. MONTGOMERY, K.C.: Wherever applicable?

Mr. MARLOW: Liability to damaging other cargo. Take taint for instance, hides you cannot put next to flour or anything of that kind.

Hon. Mr. STEVENS: Barrels of oil.

Mr. MARLOW: Yes.

Mr. MONTGOMERY, K.C.: Liability to damage to itself and liability to damage other cargo.

Mr. MARLOW: Yes. Then if the shipper considers the situation, or in many cases, ourselves, we try to find out what the competition in the foreign market is. For instance, we have largely determined our rate in comparing the rates of Scandinavian competition.

The CHAIRMAN: The price likely to be realized by the exporter when it reaches the market or destination.

[Mr. W. T. Marlow.]

Mr. MARLOW: No.

Mr. MONTGOMERY, K.C.: I think the witness has expressed it.

Mr. MARLOW: Competitive trade condition in the foreign market.

By Mr. Montgomery, K.C.:

Q. In other words to carry on the trade or encourage trade, to make a foreign trade possible, a new rate has to be given in that particular commodity.—A. What we consider a reasonable rate.

Q. To meet foreign competition, for instance just to meet the competition of Scandinavian operation?—A. Yes, Scandinavian pulp competition.

Q. In the United Kingdom?—A. Yes.

Q. You state that as an instance of what?—A. I said in the case of pulp we have entered into strong competition with Scandinavian shippers.

Q. That is a factor taken into consideration?—A. In determining the rate on pulp.

By Mr. Halbert:

Q. In the case of other goods where the British market would demand a high rate, does that work the same?—A. That is only one of the factors which operates and sometimes we think the rate should be higher than it is.

Q. You have to know the situation as to whether or not certain commodities will stand an increase better than others?—A. Yes.

Q. In other words, what the market will stand?—A. Yes.

By Mr. Montgomery, K.C.:

Q. You cannot take it on grain and take it on lumber? It becomes a question of classification.—A. Yes. It depends on the ability of the particular commodity to stand the increase.

Q. The ability of the particular commodity to stand the increase would be one of many factors?—A. Yes.

Mr. SYMINGTON, K.C.: That is not a factor in grain.

Mr. MARLOW: No.

By Mr. Halbert:

Q. We will take cattle. The farmers of Ontario compete on the Old Country market. Supposing they were making \$10 a head on the cattle, the trade would be justified in reducing the rate to \$5?—A. I have had nothing to do with making the rates on cattle. Our line does not carry them and they have never been discussed with me or dealt with in any Conference I have been at.

The CHAIRMAN: We are discussing the general principle and I imagine that probably cattle rates are dealt with specially. I was speaking more about general cargo rates.

By Mr. Montgomery, K.C.:

Q. Your line does not carry any cattle?—A. No.

Q. You have not had occasion to consider cattle?—A. No.

Mr. KENNEDY: I wonder would the witness say that factor of competition enters into the rates on lumber?

Mr. MARLOW: Yes, it does, but we realize that it is often hopeless to overcome the foreign trade competition. For instance, I understand in Europe that some of the retailers were putting in lumber cut from the German forests. That would be to go into England anyway. I do not see how you can make a rate to compete with that.

Mr. KENNEDY: Some of our lumbermen are complaining bitterly that they cannot get into the British market because of the fact that the Germans have a 15 shilling rate lower than they have.

Mr. MARLOW: What rate?

Mr. KENNEDY: 15 shillings lower than they have.

Mr. DUFF: The rate is lower now.

Mr. KENNEDY: Seventy-five.

Mr. DUFF: Where from?

Mr. KENNEDY: Montreal and Quebec.

Mr. MARLOW: Our rate is 70 and the charter rate is around 67.6 and 62.6.

By Mr Symington, K.C.:

Q. The charter rates are free boat?—A. Yes.

Q. But liners are 75 and 80?—A. We get 70 shillings.

By Mr. Duff:

Q. That is where they take small cargoes, not a full cargo?—A. Yes.

By Sir Eugene Fiset:

Q. That is per standard?—A. Yes, per standard, which is 165 cubic feet, or 1,980 superficial feet.

The CHAIRMAN: Gentlemen, it would not be possible to finish with this witness to-night, and there is the question of dealing with the production of the voyage accounts which, with the consent of the Committee, I would like to have taken up so that some arrangement may be arrived at for dealing with them, so that they can be produced, and we will have them before us early next week. If it is agreeable to everybody I would suggest that the examination of Mr. Marlow stand over until the next meeting of the Committee.

Discussion followed relative to selection of auditor.

The Committee adjourned until Tuesday, April 28th, at 2.30 p.m.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 7—Tuesday, April 28, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russel McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of
the United Kingdom, London, England
Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific
Railway, Montreal

EXHIBIT

No. 44. Resolution of Calgary Board of Trade

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No. 231,

TUESDAY, April 28, 1925.

The Committee met at 2.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork.—15. (All members present.)

The Chairman read a communication from the Council of the Calgary Board of Trade, to which was attached a Resolution of the said Board of Trade. The communication and Resolution were ordered to be filed as Exhibit No. 44.

Mr. H. M. Cleminson, who was again in attendance, was further examined, and retired.

Mr. W. T. Marlow, who was again in attendance, was further examined and retired.

The Committee adjourned at 6.10 o'clock, p.m., to meet again at 11 o'clock, a.m., to-morrow, Wednesday, April 29, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM, 276,

HOUSE OF COMMONS,

TUESDAY, April 28, 1925.

The Special Committee appointed to consider the Resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 2.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. The first matter that I wish to bring before the Committee is a communication from the Calgary Board of Trade.

(Communication read and filed as Exhibit No. 44.)

The CHAIRMAN: Then follows a report of the Transportation Committee which on the whole is unfavourable to the Petersen contract. Now, Mr. Symington, are we going ahead with Mr. Marlow?

Mr. SYMINGTON, K.C.: Mr. Montgomery was not through with his examination.

W. T. MARLOW recalled.

The CHAIRMAN: Mr. Montgomery, would you mind if Mr. Cleminson answered a question which Mr. Duff desires to ask, before we resume with Mr. Marlow?

Mr. MONTGOMERY, K.C.: Certainly.

Witness retired.

H. M. CLEMINSON recalled.

By Mr. Duff:

Q. Mr. Cleminson, in your evidence, as reported by the newspapers, you said that ocean rates could not be reduced unless wages were reduced. Were you reported correctly?—A. When I say "wages," I mean every item that goes to make up the cost of rendering the service, whether in the docks, or in the ships, or in the materials which go to make the ship. Of course, wages bulk most largely in those items.

Q. But wages is only one of the items. You did not refer to wages alone but to all those items?—A. That is right.

Q. Then the newspaper report is incorrect?—A. I think I made it clear at the time.

Q. It included everything?—A. Yes.

Witness retired.

W. T. MARLOW recalled.

The CHAIRMAN: Let me suggest that you re-examine Mr. Marlow on those parts which are essential and which have been mis-reported or omitted and then we will get it in our next report.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: For instance, I notice that when we were speaking of the Canadian Merchant Marine having withdrawn, and the American Shipping Board having sat in, on page 203, I made the remark—

“If the balance of power has been disturbed, I hope you will not blame the North Atlantic Conference for it.”

I am reported as saying—

“If the operations of time have been disturbed.”

If the witness may be permitted, perhaps he could file with the reporters the very short memorandum that he read at first. It need not be read again before the Committee, but can be incorporated in the proceedings.

The CHAIRMAN: That is quite satisfactory.

By Mr. Montgomery, K.C.:

Q. I understand, Mr. Marlow, that you wish to make one or two corrections in the evidence you gave on Friday?—A. Yes, on pages 555 and 556 of the typewritten evidence.

Mr. MONTGOMERY, K.C.: On page 187 of the printed evidence.

The CHAIRMAN: Refer to it as KK-6. The first thing to do is to put in the short memorandum that he was reading from and which was not inserted.

By Mr. Montgomery, K.C.:

Q. Yes. Will you file with the reporters a copy of the short memorandum which you read and which described the course of Atlantic shipping during the war?—A. Yes, I can file that.

Q. Have you it there?—A. Yes.

The CHAIRMAN: The witness produces memorandum. Memorandum produced as follows:

“British Government Requisitioning Scheme

Upon outbreak of war British Government under Defence of Realm Act took over such British Registered Ships as they then required for immediate transport of troops, etc., and appointed Committee to determine conditions of hire.

Committee's decisions embodied in what is known to Shipping Companies briefly as ‘Blue Book Rates,’ and contains rates of hire for different classes of ships and conditions of hire, including specimen Charter Party Form.

This system placed those Lines whose ships were most suitable for Government transport at a disadvantage with those of other British Lines and of neutrals who were then getting advantage of higher rates obtainable owing to shortage of tonnage.

To get over this situation it was arranged in 1917 to bring under what was called the ‘Liner Requisition Scheme’ all ships of British register not then operating under Government charter. This scheme called for owners continuing to operate their own ships but to turn over to the Government results of each voyage. Owners in turn were allowed hire rates on Blue Book basis on business handled and allowance for establishment expenses.

Government instructed each Line engaged in North Atlantic business to nominate a representative to meet with other representatives of other Lines in a committee to determine how best to use available tonnage in interests of Allies. If person nominated met with approval of Government, Line was notified accordingly and also the Committee.

This Committee considered requirements of situation each month and distributed tonnage over routes in accordance with requirements.

[Mr. W. T. Marlow.]

Government dictated to Committee what proportion of space was to be allowed for ordinary commercial shipments and at same time fixed the rates to be charged for same. Different rates charged on cargo coming forward on Government orders to cargo shipped account commercial firms.

In 1919 the Government gradually released control of all ships, but in doing so stipulated that all lines would hold at disposal of Government a certain percentage of space for Government stores on each voyage. This percentage varied each month and gradually reached Zero."

The CHAIRMAN: The witness produces a memorandum which did not appear in the last report of his evidence, and which will be put in immediately after the resumption of his evidence this afternoon. Is that satisfactory, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. I understand that on page 187 there is a correction as to date. You said you had been in your present position since February, 1922. Is that correct?—A. That should read February, 1923.

Q. He said 1922 the other day, Mr. Chairman. It was not a stenographer's error. And in speaking of the number of lines now representing the United States Shipping Board, you mentioned that there were four lines now operating the fleet of the United States Shipping Board, and each of them members of the New York Conference, is that correct?

The CHAIRMAN: Perhaps you have it in the typewritten copy. I have a distinct recollection that he said a certain number of ships of the American Shipping Board had been distributed between four lines, if I recollect, and that these four lines formed part of this Conference.

Mr. MONTGOMERY, K.C.: On page 200 the first reference occurs and it appears, "four." That number "four" is given in several places up to that.

By Mr. Montgomery, K.C.:

Q. Is that exactly correct, Mr. Marlow?—A. That should read "three lines."

Q. Will you mention the lines?—A. The United States Lines. The American Merchant Lines. And the Oriole Line. I had in mind a picture of the Conference, and in addition to the three members representing these lines, the Shipping Board member sat in. There were really four representing the Shipping Board. That is what confused me.

Q. The Shipping Board representative himself continued to sit in until quite recently, did he not?—A. Yes, he did.

The CHAIRMAN: We have never had explained to us, Mr. Montgomery, very well, just the difference between "sitting in" and being part of the Conference.

By Mr. Montgomery, K.C.:

Q. I wonder if you can answer that, Mr. Marlow? I am quite incompetent.—A. Well with regard to the Shipping Board, they had a separate U.K. Conference of their own, and, as I explained, I think, previously, they sat in with us but they were not part of our Conference. Now that is changed. Since the Shipping Board Lines, three in number, have now actually joined our Conference, I think there is now one U.K. Conference including the three Shipping Board Lines.

By the Chairman:

Q. Do I understand this then, Mr. Marlow, that when a line sits in with you it learns what you are doing, but does not by the mere sitting in, bind itself to abide by your decisions, and then when it becomes a member of the Conference, it becomes a full member and has to abide by the decisions?—A. That is not correct, Mr. Chairman. Both the Shipping Board members and the Canadian Government Merchant Marine members when sitting in our Conferences, agreed to all our arrangements and rates.

By Mr. Symington, K.C.:

Q. Could their votes stop the change then, if they were only sitting in?—A. Yes, their vote could stop the change.

Sir HENRY DRAYTON: It is the difference between Tweedledum and Tweedledee.

The CHAIRMAN: Or between six of one and half a dozen of the other.

Mr. FLINTOFT: "Sitting in" is a popular term there.

By Mr. Duff:

Q. Did they contribute?—A. Yes, they did contribute.

Mr. Montgomery, before we leave that, there was one other misstatement I made, if I may be permitted to correct it. I said that the de-control of ships ceased June, 1920. I should have said February, 1920. Mr. Stevens asked the question.

Mr. RINFRET: What date would that be? It is page 189.

Mr. MONTGOMERY, K.C.: That should be "zero point in February."

Mr. MARLOW: February, 1920.

The CHAIRMAN: It should read "zero point in February, 1920."

Mr. MARLOW: Yes.

Mr. FLINTOFT: There are a number of words to be corrected.

The CHAIRMAN: I do not want to take the time to correct obvious mis-reportings.

Mr. FLINTOFT: They use the word "co-lateral" for "neutral." It does not make sense at all.

The CHAIRMAN: I do not think we should take up the time of the Committee with that.

By Mr. Montgomery, K.C.:

Q. In your evidence on Friday, Mr. Marlow, you traced for the Committee the history of the transatlantic shipping during the war, and the rate schedule current at the time that the boats gradually began to filter back into private hands, did you not?—A. Yes, sir.

Q. And you explained the trend of freight rates from that time on—A. From 1919 to March, 1924.

Q. It was in the beginning of 1919 that reductions, and frequent reductions were made, you explained, in the rates?—A. That is so.

Q. Down to what date?—A. Down to March, 1924.

Q. At the time that the ships were taken back into private ownership, was it generally expected that peace conditions, freight rates as well as expenses would steadily and rapidly diminish?—A. We all had hopes that we would get back to pre-war times, but we did not realize it in the shipping world any more than in any other of the world's affairs.

Q. And dealing particularly with shipping, what was the curve of freight rates and expenses?—A. They seemed to be gradual—there was, a gradual

[Mr. W. T. Marlow.]

decline in rates to the end of 1923 and early in 1924, and from 1922 contrary to our expectations, expenses commenced to go upward.

Q. And what was the result of that? During that time freights had all been going down?—A. Freights had been declining.

Q. And what was the result of that?

By Sir Eugene Fiset:

Q. What was the reason for that first, and then the result afterwards?—

A. The reason for what, General?

Q. For the increase in 1922? Was it the expenses?—A. Yes, general expenses; principally wages.

By the Chairman:

Q. Are you talking about the diminution of freights or about the increase in cost?—A. I am speaking of the turn upward that expenses took in 1922.

By Mr. Montgomery, K.C.:

Q. And in what condition did you find yourself in the spring of 1924, reviewing the 1923 operations?—A. In the spring of 1924, we were confronted with the operations of 1923, which showed losses. And it was evident that we were to be confronted with increases again in 1924 in longshoremen's wages on both sides of the Atlantic, and in the wages of crews on the ships.

Q. And what course was adopted to meet the situation?—A. We decided that we would try to get a horizontal advance of 25 per cent in the rates, effective March 1st, 1924.

Q. You spoke of these advances to longshoremen, and others. Were they advances demanded at the beginning of the season of 1924 In May, 1924, at Montreal.

Mr. SYMINGTON, K.C.: In May, 1924, was the increase?

Mr. MONTGOMERY, K.C.: No, they were negotiating for it.

By Mr. Montgomery, K.C.:

Q. You have explained already that the curve of the expenses had been upwards from 1922?—A. From 1922, yes.

Q. You spoke of a, generally speaking, horizontal advance in rates that you endeavoured to obtain. Will you explain that a little more fully, please?—

A. We took the general commodity list and endeavoured to make a 25 per cent advance. That list, however, did not include grain, flour, nor, I think, lumber.

By Mr. McKay:

Q. Why?—A. We had no fixed rates at that time on those commodities, except lumber.

By Sir Henry Drayton:

Q. Did it include cattle?—A. No, the Conference had no rate on cattle either.

By Mr. Montgomery, K.C.:

Q. When you speak of this horizontal advance, you are only dealing with Conference commodities, and not what has been referred to as open commodities?—A. That is right.

Q. I am asked what that is. "What has been referred to as open" I said. We all know what is meant. While we are at it, I ask you the question, I do not know whether you are able to answer it, can you give us any idea as far as the Canadian Pacific lines are concerned, what proportion of the bulk of your freight is represented by grain and flour?—A. My recollection is that it is around sixty per cent. Between sixty and seventy per cent.

[Mr. W. T. Marlow.]

Q. So that any increases you could bring into effect would range only over the thirty or forty per cent which remained?—A. Yes, which we call "general merchandise" or "package cargo."

Q. Dealing with that portion of it, did the advance remain a horizontal one exactly, or were there adjustments?—A. No. Complaints were received from various shippers and shippers' Conferences and organizations, and we gave attention to them and finally reduced many of the rates again where we thought they would be a deterrent to the marketing of the goods.

Q. I suppose this will appear more upon the accounting end, but can you say, generally speaking, the advance that you made was more than sufficient to take care of the increased expense?—A. As you say, it is a question of accounting, but I know in a general way that it did not help us out to any great extent in our increased expenses.

Q. All I wanted to get was whether the advance was more than sufficient to take care of the unfavourable condition of your operating expenses?—A. It did not take care of that.

Q. Now, before dealing in detail with the question of rates, I think it would be helpful to the Committee if you gave them a picture from a geographical point of view of the ocean freight situation, dealing particularly with the territory covered by the North Atlantic U. K. Conference?—A. In the winter season practically all territory west of Montreal in Canada is competitive for the Canadian as well as the United States North Atlantic Ports. In the summer time the line is somewhat west of that. For instance, as is well known, the Wabash and the Michigan Central operate lines in South-western Ontario and they maintain the same basis of inland rates to New York as to Montreal in the summer time. That is a thickly populated district and there are many goods originate there for export. So that, broadly speaking, in Canada we are really working in common territory, both in Canada and the United States, with the United States port lines.

Q. You speak of the "United States port lines;" to what do you refer?—A. I mean the lines running from the United States ports. So far as the Customs boundary is concerned, it is not there in respect to exports, because of the bonding privileges which exist as between the two countries.

Q. Then, does the boundary line which exists for so many purposes between the two countries, exist to anything like the same extent in ocean shipping?—A. No, it does not, for the reason I have already explained, that the bonding privileges overcome that.

Q. Just as an illustration of that in dealing with your own particular line, could you give us any idea of how much of your freight originates from United States territory—the freight which you take out from your Canadian ports?—A. We took some figures out last year for our own steamship lines, and 38 per cent, including grain, originated in the United States.

By the Chairman:

Q. That is, for the season of 1924?—A. For the season of 1924; Canadian Pacific Steamships, only.

Q. Was that just for the port of Montreal? I suppose you go to Portland in the winter?—A. No; we go to West St. John in the winter.

Q. The shipping season is for Montreal?—A. For the entire year.

By Mr. Montgomery, K.C.:

Q. Which would include your operations from Montreal in the summer, and West St. John in the winter?—A. That is right.

The CHAIRMAN: The C.P.R. handled from Canadian ports 38 per cent of American products.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: Including grain.

The WITNESS: I think it would be more correct to say that the Canadian Pacific steamships did.

The CHAIRMAN: That is what I meant.

The WITNESS: You said the railroad.

Mr. MONTGOMERY, K.C.: Perhaps it is more correct to put it this way: that 38 per cent of the traffic handled by the Canadian Pacific Steamships—

The CHAIRMAN: Outward bound.

Mr. MONTGOMERY, K.C.: —outward bound, originated in the United States.

By Mr. Montgomery, K.C.:

Q. Excluding grain, could you give us any figures?—A. Excluding grain it was about 20 per cent.

By Mr. Shaw:

Q. What percentage of the North Atlantic traffic does the C.P.R. handle?—A. We have never had any consolidated figures, from which we could work that.

Q. Approximately? Give us a rough estimate?—A. I would say between one-fifth and one-quarter. Are you speaking of Canadian traffic or of the entire traffic—

Q. I would like to know both, if you can tell me?—A. I was speaking more particularly of the Canadian traffic. I have not the slightest idea of what we handle. If you take into consideration the United States port lines.

By Mr. Montgomery, K.C.:

Q. I suppose in the same way that a certain amount of Canadian freight goes via American ports?—A. Yes, but I do not think they handle the same percentage of our products as we do of theirs, except, probably, in respect to grain.

Mr. MONTGOMERY, K.C.: I do not think you had better spread that too much upon the record.

By Mr. Montgomery, K.C.:

Q. The grain question has already been pretty fully discussed—and the reasons for it?—A. The grain question has been gone into, I think, very fully.

Mr. MONTGOMERY, K.C.: Mr. Flintoft suggests that we had better not emphasize the percentage of the tonnage going through the Canadian ports—American tonnage.

The CHAIRMAN: Would you think it wise to strike that out of the record—. I suppose they know where our business goes.

Mr. SYMINGTON, K.C.: Nobody seems to be discussing it except my learned friend.

By Mr. Montgomery, K.C.:

Q. I think, in your evidence on Friday, when we were commencing to take up rates you described to the Committee, did you not, the meaning of the terms concerning which Mr. Symington was inquiring, "Neutral rates," "Parity rates," "Initiation rates," "Emergency rates," and "Control rates?"—A. That was all included in the report I read after I had made my visit to Washington in April, 1920, which I understand is incorporated in the evidence.

Mr. MONTGOMERY, K.C.: I do not know whether it is or not. I have not checked it up.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. While we are on this question of emergency rates, I would be glad if you would assist the Committee with any explanation that you can give for their reasons and functioning?—A. The emergency rates were first a practice of the Gulf Conference before the joint arrangement. They were established to enable the line to quote, for a short period, rates which were necessary to fill up distress room, or meet the outside competition against the established lines. When the emergency was over, the tariff rates were restored.

Q. My learned friend will no doubt be anxious to question you concerning a gentleman called Reardon-Smith,—I think his name was, was it not?—A. Yes, Sir William Reardon-Smith.

Mr. SYMINGTON, K.C.: They were quite a thorn in the flesh for some time, were they not?

The CHAIRMAN: These knights go to redressing of human wrongs in the steamship business now.

By Mr. Montgomery, K.C.:

Q. To get down to something more pertinent to the question—

The CHAIRMAN: Mr. Shaw asks what a distress rate is; perhaps the witness would explain.

By Mr. Montgomery, K.C.:

Q. Would you explain what a distress rate is?—A. In shipping, a distress is known as when the steamer is about to go on the berth, and finds she has not booked the cargo at the rate asked for that she requires. Then she makes special rates to make up the cargo lacking.

By the Chairman:

Q. She takes it cheaper than the ordinary rates?—A. Cheaper than the ordinary rates.

Q. And the condition of mind of the owner gave the name to the rate?—A. That is your interpretation, Mr. Chairman.

By Mr. Symington, K.C.:

Q. Mr. Marlow, the first part of your definition of an "emergency rate" is the same thing?—A. Yes, but I am not through with that. I was interrupted there.

By Mr. Rinfret:

Q. Does that happen very often?—A. Very often. It happens more often in the Gulf, where it was first originated, than it does in the North Atlantic.

Q. Does that not conflict with the Entente you have in the countries?—A. It is the arrangement of the Conference.

Q. But what is the control over that?—A. The control is that these emergency rates are submitted by telegraph by the members by whom they are proposed, from time to time.

Q. They have to submit the rate by telegraph?—A. Yes.

Q. There is no distress rate passed at the eleventh hour—at the very last moment?—A. As applicable in the North Atlantic it applies more particularly to grain, and I will come to the explanation afterwards as to how we take care of it with respect to grain.

Mr. DUFF: They put the flag at half-mast in the rigging.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. Are there any distress rates in the North Atlantic excepting on grain?—

A. None that I know of.

By Mr. Montgomery, K.C.:

Q. Is that all you have to say about the emergency or distress rates, because, if it is, I want to ask you about contract rates?—A. I want to proceed there. I finished explaining what was the practice in the Gulf. At the meeting held in Atlanta between the Gulf, South Atlantic, and North Atlantic, in February, 1921, this emergency-rate arrangement was put into effect as between the several Conference districts. That is to say, one district would require to make an emergency rate, and would notify the other districts, with the reasons, and that rate would remain in effect for quoting for a ten-day period, and understood to be withdrawn when the 10 days expired.

Q. Now, what about contract rates to which reference has been made?—

A. This was a plan originated by the Conference to endeavour to secure the patronage of shippers to Conference lines, largely for the period of a year.

By Sir Eugene Fiset:

Q. Were these contracts made by the Conference or by each Company?—

A. The contracts were made by the Conference with the shipper, or a freight group of shippers, but were open to all other shippers, large and small alike, and the shipper had the privilege of a contract to use any Conference line.

The CHAIRMAN: That is the object of the contract, Mr. Montgomery, taking what the contract provided for.

Mr. MONTGOMERY, K.C.: Would that not be more or less self-explained?

The CHAIRMAN: No, it is not quite as clear to me. He said the object of the contract was to attract shippers to the lines; they were applicable to all Conference lines. I wanted to know just what the contract was, whether it was to give them a rebate, or a special rate, or what it was.

By Mr. Montgomery, K.C.:

Q. You might answer that question, Mr. Marlow?—A. They got a special rate below the list rate in return for their continued patronage of the Conference lines.

Q. And that was open to all shippers, large or small?—A. It was open to all shippers large or small, who would engage to use the Conference lines for the period designated.

Q. So that there would be no discrimination as between large and small shippers, no matter where they might be?—A. No, no discrimination.

By Sir Eugene Fiset:

Q. That is rather different from what we have had heretofore. I think we were under the impression that those contracting rates were made between the companies and the shippers. Now you say the contracts were not made that way. Didn't Colonel Gear say that the contracting rates were open to any of the companies within the Conference? They are two altogether different things.

Mr. MONTGOMERY: I am afraid my memory is not good enough to enable me to say just what Col. Gear did say. I suppose the notes are here.

By Mr. Symington, K.C.:

Q. I think it was done both ways?—A. Yes. In one instance I found that the Secretary of the Conference could sign, and in another the individual line could sign.

[Mr. W. T. Marlow.]

By the Chairman:

Q. Perhaps you would help us in that, Mr. Marlow?—A. To my recollection, under any of these contracts the rates would be open to the shipper, that is, the shipper would be open to use any Conference line. There were cases I think both in our case and the Canadian Government Merchant Marine where we put in a basis of that kind, to enable the Canadian shipper to market his goods in Britain in competition with some shipper in the United States on a similar contract, and in that case as the business was small it may have been an individual contract.

By the Chairman:

Q. Between the individual line and the individual shipper?—A. Yes. There was not enough to go around.

Sir EUGENE Fiset: But that eliminates all competition as between the different lines, while we have been left with the impression that there was competition within the same lines in the same Conference.

Mr. MONTGOMERY, K.C.: The keen competition that was referred to was the keen competition for the business, but the whole idea of the Conference is, subject to the exceptions that have been mentioned, to accomplish stability of rates, but the competition is exceedingly keen as between the lines, to get the traffic. That is my understanding of it.

Sir EUGENE Fiset: It is hard to understand the competition between the lines forming part of the same Conference.

By Mr. Montgomery, K.C.:

Q. It has been suggested, Mr. Marlow, that the keenness of the competition might have been in some way diminished by the fact that the rates have been agreed upon; what would you say, as a traffic man, as to that?—A. I would say that the keenness of the competition was not diminished by reason of the uniformity of rates. Speaking for my own company, I know that I am expected by my management to explain why I do not get a fair share of the traffic.

By Sir Eugene Fiset:

Q. But whom do you compete with, is it with the Conference, or is it with the shippers?—A. It is with the members of the Conference.

Sir EUGENE Fiset: That is what I thought.

By Mr. Rinfret:

Q. How do you explain it; if you do not get a fair share of the shipping contracts, how do you explain it?—A. It means that our organization has not been alive to what is required of them; our soliciting agents have not been after the shippers hard enough, or we have not seen them often enough.

Q. But on what ground are you fighting the other lines?—A. Through service and representations that we can handle their traffic better.

Q. Do you not think the competition would be much closer and much more active if you were competing as to rates also?—A. Yes, I think that would add to the keenness of the competition.

Mr. MONTGOMERY, K.C.: You might even have a rate war.

By Mr. Duff:

Q. You would get more business if your rate was lower than the other lines?—A. There would be a rate war, and the result would be the survival of the fittest.

[Mr. W. T. Marlow.]

Q. But would you get more business if your rates were lower?—A. We would for a time.

Q. What do you mean by saying that you would for a time?—A. I mean that we would get more business for a time, but they would meet us or go below us again. That is the natural thing which would happen.

By Mr. Montgomery, K.C.:

Q. That has been seen before?—A. We would only secure the traffic insofar as our rate was lower than the other lines.

Q. If you tried to persist and met one cut with another cut, the practice would go on ad infinitum?—A. Absolutely.

Q. Until either one or the other of you would get sick of it?—A. That is right.

Q. And the public would pay for it afterwards?

Q. And the public would pay for it afterwards?—A. I would not like to say that.

Mr. SYMINGTON, K.C.: That is one point we can agree upon, Mr. Montgomery, the public pays.

Mr. RINFRET: That seems to be the conclusion. Sometimes they try to make the public pay too much, and it does not succeed, and they pay again, whether they are paying to-day or not.

WITNESS: I think it is only fair to state to the Committee that very frequently and in many businesses the rate of freight is a small factor in the transaction. We have had it said by shippers time and again: "I do not care what your rate is, so long as I know my competitor is paying the same rate; what I want to know is, am I reaching the foreign market on the same basis as he is." He is not so keen after the low rate.

Mr. RINFRET: I wish each delegation would speak the same language, when they come before the Government.

WITNESS: You do not hear from all the parties; you only hear from those who want to complain.

Mr. MONTGOMERY, K.C.: I assume we will hear from them all; they have a fine chance to come forward, if they have any complaint to make.

Mr. SYMINGTON, K.C.: A lot of them have been scared off. I could give you the names of lots of them.

By Mr. Montgomery, K.C.:

Q. Now, a reference was made to the initiative rates; will you kindly explain that, or the initiation; I think it originated with the Gulf Conference, did it not?—A. Yes. The term initiative originated, so far as our use of it was concerned, after the joint arrangement between the Gulf, the South Atlantic and the North Atlantic Conferences. As I explained there were certain commodities on which the Gulf had the right to initiate the rate, that is to say, they made the rate and notified us, the other two Conferences, that they made the rate; likewise the North Atlantic made a rate and notified the other two Conferences that that was the rate.

Q. And inside the North Atlantic Conference itself, I think, reference was made to certain commodities in which the Canadians alone had the power to initiate or promulgate a rate, without any consultation with the others?—A. There were four commodities on which we had the right to make the rates and notify the Conferences that we had made them; those were Asbestos, Nickel, Woodpulp, and Deals. They were not, in the strict sense in which we use the word, initiative in the Conference, Canadian initiative, they were commodities on which the Canadian lines had the right to make the rates, because they were essentially Canadian products.

[Mr. W. T. Marlow.]

Q. And it was and is merely a question there of your notifying the others of the rate you have or had made?—A. Yes. We usually made it effective a day or two ahead, so that we would not take advantage of it going into effect before they knew it was in effect.

By the Chairman:

Q. And it was their duty to follow that rate?—A. They had to follow that rate.

By Mr. Montgomery, K.C.:

Q. Apart from that, as against the other lines, you had to put out a rate; have the Canadian members of the Conference taken any considerable part in the initiation of changes in the rates?—A. We have always taken a very active part. It is natural that the Canadian lines, and particularly the Canadian Pacific, and, when they were with us, the Canadian Government Merchant Marine, who are essentially Canadian lines—we have no services from any United States ports—that the Canadian lines should be very jealous of having their rates in respect of the Canadian traffic interfered with, and for that reason we were always keen to get what we thought were reasonable rates for Canadian trade. We frequently proposed reductions, and frequently they were granted. There were times when the commodity might be one that was perhaps produced more largely in the United States than in Canada, and they might say “here we are getting the conference rates without any trouble, the shippers are satisfied with them.” In that case we would not perhaps press our point. There were many other cases where the rates we proposed were readily assented to.

Q. In fairness, what have you found the attitude of the North Atlantic Conference to be in respect of rate changes and rate reductions suggested by the Canadian members of the Conference?—A. I have found them very considerate at all times and willing to listen to our proposals.

Q. What I want to get at is, is there in any sense, or have you felt any spirit of domination by the American interests or the American members of that Conference as against Canadian shippers?—A. No, we have never found that; we have always found them acting in a very fair spirit.

Q. Serving as you do the same territory geographically, as you explained a few minutes ago, have you found any difference made on account of the boundary line in proposals coming from members on one side or the other side of the boundary in reference to reductions in rates or changes in rates?—A. We have never found that distinction. When we think of packing house products, we think for instance of packing house products manufactured in Canada and in the United States both, and I do not think for the purpose suggested that whatever is manufactured in the United States is thought of in that way, or that whatever is manufactured in Canada is thought of in that way. We are dealing with the commodity in the abstract, believing that it is from a common territory and origin.

Sir EUGENE Fiset: It is said that it is initiated by the other members of the Conference. You have four commodities upon which you initiate rates, and that nobody else could initiate rates on them.

Mr. MONTGOMERY, K.C.: I hope the witness explained it to you fully. I don't think I understood it in that way.

WITNESS: I hope I have not left the Committee with that impression.

The CHAIRMAN: Tell us what the real situation is.

By Mr. Montgomery, K.C.:

Q. It has been suggested by Sir Eugene Fiset that the Canadians have the right to initiate rates in respect of four commodities which you have mentioned,

[Mr. W. T. Marlow.]

and that the United States members of the Conference have a similar right, an arbitrary right to initiate in respect of all commodities.

Sir EUGENE Fiset: I said on four. On some of the remaining commodities we must have the same right as the others.

Mr. MONTGOMERY, K.C.: We misunderstood each other.

WITNESS: I do not understand the United States lines claim the right to initiate on any commodity; on the other hand, naturally when they commence to tell about a product of the Southern States we take very little interest in what they do or say; they do not interest us. But they do not insist on the right of making a rate on cotton without consulting us.

Q. So that Canada enjoys an exceptional advantage in respect to those four commodities?—A. Yes.

Q. Of the remaining members of the North Atlantic U.K. Conference, have the American members of the North Atlantic U.K. Conference the same initiative you have in respect to any commodities whatsoever?—A. They have.

Q. I say have the American members of the North Atlantic U.K. Conference the same initiative you have in respect to asbestos?

By the Chairman:

Q. Lumber?

By Mr. Montgomery, K.C.:

Q. You have told us that the Canadian members of the Conference have the initiative or the exclusive right of putting out a freight rate in respect of the four commodities which you have enumerated?—A. Yes.

Q. Have the American members of the Conference a similar right in respect to any particular commodity?—A. Not that I am aware of.

Mr. MONTGOMERY, K.C.: Does that answer it, Sir Eugene?

Sir EUGENE Fiset: It answers it but is not comprehensive. I cannot imagine it possibly exists.

Mr. MONTGOMERY, K.C.: If it does not I am sure Mr. Symington will bring it to your attention.

Q. Did you say the Canadians had the exclusive right to make rates on these four commodities?—A. Simply when the Conference decides what the rate will be. They have no right to protest because they have given us the right to make a rate. We do not consult them, we only tell them what we have done.

By Hon. Mr. McMurray:

Q. What commodities were you referring to when you said "we frequently demanded lower rates and were refused"?—A. Did I say "Refused"?

Q. It practically amounted to that. You said we frequently requested lower rates and the Conference refused it. What commodities had you in mind then?—A. Oh, it may be anything; furniture.

Q. But it was a fact that you had frequently demanded lower rates and they had been refused?—A. No. I do not like those terms. We had frequently proposed rates and the Conference, for reasons, had declined to make the reduction.

Q. What commodities would they be proposed on?—A. I have in mind one, soap. It is largely shipped out of the United States, perhaps by the same factory as it is shipped from in Canada. Take the Palmolive Company, who have a factory in Milwaukee and one in Toronto.

By the Chairman:

Q. You asked for a lower rate on soap and they wanted to have it maintained?—A. Yes.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. The large bulk of the commodity originating in United States territory?
—A. That is it.

Q. How would the ordinarily originate? Would the freight traffic men be canvassing the Palm Olive fellow or a soap branch?—A. The membership of the Conference is largely made up of the freight managers. It is made up of the freight managers and their first duty is to try and get a volume of business for the line they represent. They are naturally interested in cultivating and retaining the good will of the trade and in that way come across all kinds of ideas as to just what the trade is and what conditions are, what they think this rate should be and so on.

Q. What do they do when they come to the conclusion that from their point of view, or the customer's point of view a change should be considered?
—A. They usually make application to us.

Q. That is to say the shipper or you particular canvasser—I would like to get a picture of it—it is in course of discussion that it is developed that the rate is too high and it will make a reference to the Conference that the rate is too high to develop the trade and it is necessary to make a reduction?—A. Yes.

Q. You are living in this atmosphere and you are thoroughly familiar with it. Can you tell us how these things come about in practice?—A. In other cases we will get letters from shippers. In other cases the shippers' conferences or associations will take the matter up.

Q. Before you leave that, what would you say as to the bulk of your freights? Do you deal with individual shippers or are those shippers in turn represented by associations or conferences?—A. The bulk of the shippers are represented by associations or are in associations or conferences, whichever you like to call them.

Hon. Mr. STEVENS: Not combines.

Mr. SYMINGTON, K.C.: Conferences do not fix any rates.

Sir EUGENE Fiset: That word is taboo.

By Mr. Montgomery, K.C.:

Q. Have these associations their traffic men, traffic bureaus and so on?—A. They have traffic bureaus and so on and naturally the business of these traffic men is to keep in touch with freight conditions and keep abreast of the times, rates of freight and so on.

Q. If a freight rate gets out of line for any reason are you long in hearing of it?—A. I should say we promptly hear of it and it usually comes with vigor.

By Mr. Duff:

Q. Do you effect a remedy?

By Mr. Montgomery, K.C.:

Q. I want to get just what the machinery is. When a suggestion is made by either one of your canvassers or by a complaint received by a shipper or by the traffic bureau of one of these associations, how is it, in practice, handled?—A. Well, if it is addressed to the lines we will discuss and we will take—in Canada here, it is discussed by our Committee and we send a proposal to the Conference in New York for reduction if we think the reduction should be made.

Q. When did the Canadian Liner Committee originate?—A. In September, 1918.

Q. What is its purpose and function?—A. Originally it was formed to take care of the handling expeditiously and with facility of the movements over-

[Mr. W. T. Marlow.]

seas during the War. After the war it was a sort of a committee of the Canadian interests in the United Kingdom conference.

By Sir Eugene Fiset:

Q. In what?—A. The United Kingdom conference.

By Mr. Montgomery, K.C.:

Q. Now, when these matters came up for discussion—A. Before I leave that I want to be sure of the date there because I cannot carry them all in my mind. I think it was September or November, 1918.

Q. Have you any memorandum with you that would refresh your memory?—A. Yes.

The CHAIRMAN: Is it of real importance?

Mr. MONTGOMERY, K.C.: There was a question raised about it at one time.

Sir EUGENE FISET: It was in 1918. The ships were released only in 1919, up to 1920, so I think it was formed in 1918.

Mr. MONTGOMERY, K.C.: The Committee was formed in 1918 but they functioned with the British Ministry of Shipping.

The CHAIRMAN: Go ahead.

By Mr. Montgomery, K.C.:

Q. Does your Liner Committee meet with the shippers' bodies or discuss rates or rate changes with them?—A. Yes.

By Sir Eugene Fiset:

Q. In order to make it absolutely plain let me ask him if this committee is the administrative body of the Canadian or Northern part of the United Kingdom Conference? That is what I would like to know.—A. That is the administrative body of the United Kingdom North Atlantic Conference.

By Mr. Symington, K.C.:

Q. In Canadian matters?—A. I do not know that I should call it administrative, General, but it is a committee of the Canadian Interests in the United Kingdom Conference.

By Mr. Montgomery, K.C.:

Q. Now, supposing the question of revision of the rate came up with anyone in these shippers' associations, produce associations or boards of trade and so on, what usually occurs?—A. We usually have a meeting and listen to what they say, patiently, and in many cases argue with them on points they raise and then we discuss the thing amongst ourselves afterwards and if it becomes a question that should properly belong to the Conference and we believe there should be a good case, we advocate it in the Conference.

Q. Illustrate that. You might mention some of the associations.

By the Chairman:

Q. Just before you go on, supposing you do not think that the shipper has a good case do you take that up with the conference or do you make the decision yourselves?—A. Well, in some cases if we do not think they have a good case we do not take it up with the Conference.

Mr. SYMINGTON, K.C.: Trial court and the court of appeal, I suppose?

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. Are these traffic managers and traffic bureaus fully alive to all questions of rate?—A. I think they are. Most of them employ traffic experts to keep abreast of these things.

Q. Do you have an opportunity of fixing or retaining many rates without discussion of some kind with the different shippers represented?—A. Well, a rate change, except such as I mentioned, which occurred in 1924, March 1924, is usually made after some correspondence or discussion with the shipper concerned.

Q. Will you mention some of the shipping bodies that your Canadian Committee has, for instance, conferred with?—A. We have conferred with the Nova Scotia Apple Shippers Association, with the lumbermen in Montreal, with the corn exchange, with the Canadian National Millers Association, with the produce associations, that is, cheese, butter and egg men and we have had correspondence, through the Canadian Manufacturers Association, about certain rates.

Q. Is it found to be a convenient way of discussing this question of rates as between your body and their body?—A. Yes, we have found it a very convenient way. Very frequently also, I might mention that when we do get the shippers all together in their Conference and our Conference, we find very often they are not altogether unanimous amongst themselves. We find one individual shipper in a trade will want one thing not wanted by another.

Mr. SYMINGTON, K.C.: They differ from the Conference in that, that they do not always agree. I should think that would be to the advantage of the Conference.

By Mr. Montgomery, K.C.:

Q. I suppose there are differences at times as between members of your Conference?—A. Yes, there are.

By Mr. Duff:

Q. But they always agree?—A. No, we do not always agree; we are human.

Q. I thought your decision was always unanimous.

Mr. SYMINGTON, K.C.: It has to be.

By Sir Eugene Fiset:

Q. Does that procedure apply also to contract rates as well as emergency rates?—A. I do not quite understand how they have application to the point we are illustrating here.

Q. At the present time you say you consult with shippers in regard to the fixing of rates on certain commodities we have named.—A. As regards contract rates we must of course, consult with the shipper with whom we are contracting. The contract comes about by reason of an agreement with the shipper, or group of shippers.

By Mr. Halbert:

Q. How do you come to the conclusion as to which of them has a good case, take for instance the shippers of fruit in Nova Scotia?—A. Might I have that question repeated?

Q. How do you decide whether they have a good case or not; how do you come to the conclusion as to which has a good case? For instance, take the fruit growers in Nova Scotia, or the manufacturers.—A. When I was speaking of a good case, I was not speaking of one group of shippers or producers as against another. We take all those factors I spoke of the other day into consideration. For instance, if they have explained why they ask for a reduction

[Mr. W. T. Marlow.]

in rates, and we believe that what we are getting for ocean transportation is not exorbitant, to commence with, or is not going to interfere in any way or act as a deterrent to the marketing of their goods, and they cannot promise an increase in volume in the way of movement, we think the rate probably should be maintained where it is. In other cases they make representations which we believe are good, requiring a reduction in the rate.

Q. Would the prices on the Old Country market have anything to do with it?—A. Most decidedly it is a factor.

Q. The competition on the Old Country market, for instance?—A. Yes, that is a decided factor.

By Mr. Montgomery, K.C.:

Q. Now, you described to us how these matters are handled when they originate at this end. You make your representation then to the Conference secretary?—A. Yes. We do it through the Secretary, but that is simply a bureau.

Q. A sort of clearing house?—A. Through which the work is done. To follow the process through, in the ordinary course it goes to a rate committee. That rate committee is composed of several members of the Conference. Their duty is to examine into each case, on the basis of the factors that I mentioned the other day. They have a good deal of practice at this and therefore are fairly conversant with values of goods and competition and so on. They, in turn, make a recommendation, or send it to the Conference for discussion, and after each item is gone over in the Conference at these monthly meetings, principally, a decision is made as to what rate will be fixed.

Q. I see my learned friend busy with his pencil. Has the rate committee any power to fix a rate?—A. The rate committee has absolutely no power to fix rates.

Q. Or to turn down any suggestion you may make?—A. No, they cannot turn down anything. If they overlook it, even, we can bring it up in Conference. There is nothing to preclude that.

Q. It has been suggested that none of the Canadian representatives are on that rate committee. Can you tell us why that is?—A. Simply because it would be very inconvenient for us to go down to New York and spend a whole week down there over this sort of thing.

Q. And you yourself have discussed this thing with your liner committee in Canada?—A. May I finish that answer. There are occasions, I remember several of them, where we have thought quite a list of reductions should be made. In that case, we form a committee of our own and we make the recommendation forcibly as having been gone over by our own committee, or we send someone to New York to sit in with the rate committee, and explain the various factors or the various reasons why we think the reductions should be made.

Q. My learned friend asks whether the rate committee recommends to the Conference?—A. Yes, the rate committee recommends to the Conference for the simple reason that they have been over all the pros and cons of the matter, examined into the question of stowage and value and so on, and therefore they are in a position to recommend.

Q. Now, are the decisions to make reductions or increases or changes of any kind necessarily made in the Conference meetings themselves?—A. Oh, very often.

Q. Are they necessarily made at Conference meetings?—A. I do not get that question, Mr. Montgomery.

Q. Are they in practice made otherwise than at a formal Conference meeting?—A. Yes, frequently we make rates by exchange of correspondence, tele-

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grams and so forth. We do not always confine our rate changes to monthly meetings.

Q. How would that be handled, just to get a picture of the whole working of the thing?—A. If a case should arise in Canada, I might probably telegraph Secretary Morse and ask him to take it up with the United States lines and get a prompt answer.

By the Chairman:

Q. When you say "the United States lines" you mean in the U.K. Conference?—A. The port lines, the lines in the Conference operating from United States ports. Or in turn, they might do the same. For the sake of convenience, the Canadian lines have appointed me as sort of intermediary between the Conference and the Canadian Liner Committee.

Q. You are a sort of liaison officer?—A. A sort of liaison officer.

By Mr. Montgomery, K.C.:

Q. And if you received, for instance, a suggestion from the American representatives that they felt a change should be made in a certain rate, what would you do?—A. Take it up with our members promptly, and if we felt there were reasons why the reduction should not be made, or the request, whatever it might be, should not be granted, we would tell them so, otherwise we would tell them we concurred.

Q. I suppose—if you wired back that you concurred, what would happen?—A. They would come back then and tell us the rate would become effective on such and such a date, with our concurrence, and that date would always be set ahead so that they would not have any undue advantage over us in respect to the day of effectiveness.

Q. Or so that no one shipper would have an advantage over another?—A. That is the object, really.

Q. And does this lend itself to ready adjustments of the rates?—A. It does. It is necessary that we have that elasticity in the making of rates.

Q. Is that a feature which is particularly prominent in the shipping industry, the necessity of frequent changes?—A. It is.

By Hon. Mr. McMurray:

Q. Are there minutes kept of these meetings?—A. You mean of the liner meetings?

Q. Yes.—A. Yes, they have all been filed.

Q. Or these meetings you are speaking of?—A. The minutes of the Freight Conference have been filed.

By Sir Eugene Fiset:

Q. The minutes of the committee.—A. The minutes of the Canadian Liner Committee have also been filed.

Q. And do you also keep minutes of the meetings between shippers and members of the committee?—A. No. On special occasions—for instance, I know the Secretary of the Produce Association, when he would be present he would take the minutes. It would not be ourselves. We usually meet them in the Board of Trade or somewhere else, so that they cannot say they are getting into the lions' den, I suppose.

By Mr. Montgomery, K.C.:

Q. You meet them on neutral ground, then?—A. On neutral ground.

[Mr. W. T. Marlow.]

Q. Is there any such secrecy or mystery as has been once or twice suggested insofar as the Conference or the weekly liner committee is concerned, or anything of that sort?—A. I do not know of any secrecy. It is a well-known thing with the trade that the organization exists.

Q. And they deal directly with the liner committee?—A. They deal directly with us.

Q. And with the Conference?—A. And with the Conference. We take these various associations that have been referred to, such as the National Lumbermen's Association, for instance; take the Canadian Packers, and the American Institute of Meat Packers; the Nova Scotia Apple Shippers' Association, and there is another one I was thinking of—but there are various associations of shippers, or I suppose you might even call them conferences also. They think it nothing unusual to confer with us. It is the most natural thing in the world as far as they are concerned.

By Sir Eugene Fiset:

Q. The only reason I asked if minutes were kept was that Colonel Gear told us they were not.—A. I believe he may have been replying that they are not necessarily kept by the Conference.

Q. But they are kept by somebody?—A. Sometimes they are and sometimes no minutes are made.

By Mr. Montgomery, K.C.:

Q. Depending on the nature of the discussion, I suppose?—A. Yes, and on the wish of the shippers.

By Hon. Mr. Sinclair:

Q. Is it usual to have these shippers separately or do they have them together?—A. We frequently meet them collectively through their associations.

Q. Collective associations?—A. Yes. For instance, in the grain trade, the Corn Exchange; the flour trade, the Canadian National Millers' Association, and so on.

Q. You meet them all together?—A. We meet them all together.

By Mr. Montgomery, K.C.:

Q. Take one of the larger associations, such as the Canadian Manufacturers' Association, which represents all manufacturers. Do you correspond directly with them?—A. We correspond directly with them. I have never known of our have a meeting with them, but I believe that would be impracticable, because their membership extends from one end of the country to the other.

Q. Some sinister suggestion has been made in respect to the fact that your tariffs are marked private and confidential, and that particularly your agreements, where there are agreements, lay emphasis upon the fact that proceedings at the conferences are to be treated confidentially. Can you tell us any of the reasons why it is necessary that proceedings of the meetings, your meetings or conferences, should be treated confidentially?—A. I do not know any other reasons than exist for the Lumbermen's Association, or the Apple Shippers' Association.

By Mr. Symington, K.C.:

Q. But you do not belong to them?—A. They do not publish their proceedings either, and there is nothing sinister about it. There is no question that rate changes and different things that take place within the Conference might be construed quite differently from what is meant if they were put out.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. Supposing Line A—

By Mr. Duff:

Q. I do not see why they should be made public.—A. That is our idea. We do not see why they should be made public, either, but we want to bring out, Mr. Duff, that we are not doing anything we are ashamed of, or afraid of.

Mr. MONTGOMERY, K.C.: In this particular case, if I might mention it, we are in a most peculiar position. I am not complaining, because we have not protested at all, but as a matter of fact I do not know of any other proceeding where the other side could demand that all your minutes and all your correspondence be placed right in their hands to go over. A criminal proceeding, with a search warrant, is the only time I have ever heard of that being done. I do not know of any association or body of men who would willingly throw all their minutes and files of correspondence into the hands of their adversaries, and it would indeed be surprising if considerable comfort to the enemy could not be found in something there.

Mr. DUFF: I do not admit that we should not have all that; what I say is that between the Conference, or the steamship companies, there is no reason why that should be made public, but I do say that in an investigation of this sort we are certainly entitled to all the evidence and all the minutes.

Sir EUGENE Fiset: In other words, we are not here "on the other side."

Mr. MONTGOMERY, K.C.: But my learned friend is here on the other side.

Mr. SHAW: And this has become a public matter.

Mr. MONTGOMERY, K.C.: I have looked at the records of several of these enquiries, and I do not remember of one where the minutes and correspondence have all been thrown in. We have not complained, and I am not complaining now, except that I will not be very much surprised if my learned friend does not spend a considerable time with the minutes and correspondence, and I cannot imagine any body of minutes or any file of correspondence, that you get into your possession or go through that you do not find something to cavil at.

The CHAIRMAN: This is really not of great importance, Mr. Montgomery, but two years ago when we had an enquiry or something of this nature, before a Special Committee of which I was Chairman, we had the greatest difficulty in getting admissions of the fact that there were any minutes of a Liner Committee; but when we found there were any, we asked them to place them in our hands and they did so.

Mr. MONTGOMERY, K.C.: There were explanations that I have made to you, Mr. Chairman. I do not wish to go into them all.

The CHAIRMAN: The point is that it is not altogether an unheard of proceeding for people to be asked to put their minutes in the hands of a Parliamentary Committee.

Mr. MONTGOMERY, K.C.: I have not much experience of Parliamentary Committees.

Mr. SYMINGTON, K.C.: You will know better next time.

Mr. MONTGOMERY, K.C.: I have been through the records of many of them, and I do not know of any either in the Old Country or in the United States where that practice has been in use.

The CHAIRMAN: Perhaps that shows the greater confidence that we have in them in the Dominion of Canada.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. Now dealing with one particular class of rates, namely the Grain Rates, will you tell us how they are handled whether there is any difference now from former days and in the particular method?—A. In the Conference they fixed the rates on grain up to December 1921.

Q. Why was it abandoned?—A. It was abandoned because some of the lines thought they were not getting their share. Some of the New York Lines thought they were not getting their full share of Canadian grain.

Q. It has been suggested to us that there is a distinction between the way in which the rates are fixed by the Conference in respect of Conference commodities and are quoted, instead of being fixed in respect to grain. That distinction has not been made very clear. I would be glad if you will give a little picture of just how grain is handled?—A. Well, grain is a commodity quite different from any other which we handle. We have what is called a Grain Committee. They meet every day on the Board of Trade Exchange floor. They talk things over as Col. Gear described, as to the stocks, the markets, the movement, etc., and they decide that they are going to ask a certain minimum rate. It is usually for quotation in the future. For instance we will take the month of February. In the month of February, perhaps they are talking about what the minimum rate will be for May. Now, they say, we will ask a minimum of three shillings for May, for Montreal. That is three shillings per quarter, for May for Montreal. Then the Canadian Pacific, as one of the lines, may think that is a pretty good rate to book at in May; and if we can book grain at that three shillings per quarter rate in February, for May shipment, we will probably book up perhaps two thirds of our requirements for May at that rate. One of the other lines, who have agreed that that is the minimum asking rate, may say: I am not going to book up at three shillings, I think the rate will go at 3/3; I am going to hold off a little while. Now that goes on from day to day. Let us go right into May now. We come to the month of May, and some of the lines are booked up; but some of them have still a lot of space unbooked. The rate has dropped, we will say, to two shillings. They have got to take two shillings to fill the space that they have not booked at the rate agreed far in advance. Or it may be the other way about. The rate may have gone to 3/3 in May. In that case they have got the better of the man who thought, in his wisdom, that it was wise to book at three shillings in February for May shipment.

By Hon. Mr. McMurray:

Q. Do you sometimes go below the minimum?—A. I am coming to that, Mr. McMurray. The minimum is only fixed for the day.

By Sir Eugene Fiset:

Q. Explain that again? You say the minimum is fixed only for the day?—A. For the day.

Q. Notwithstanding that those rates are made five or six months in advance?—A. Yes. That is for quoting. For instance, we will say in February we will quote for May, June, or July shipment, three shillings. That is the rate we fix in February as the minimum asking rate for those three months.

By Mr. Duff:

Q. Do you get that rate?—A. The minimum asking rate?

Q. Do you get that at the time when it comes? You do not go below or above that?—A. Oh yes. I will come to that. I was coming to the month of May when I was interrupted. I say, many of the lines have not booked up all

[Mr. W. T. Marlow.]

of their requirements and by this time the rate has dropped, probably to 2 shillings or less. Then the line has got to go in, and fill up that space at the lower rate.

By Hon. Mr. Stevens:

Q. What about the stuff you booked at 3 shillings?—A. That still remains at 3 shillings. The supposition is that that grain has already been bought and sold based on a 3 shilling freight per quarter.

Q. I understood from someone here that as far as the Conferences here were concerned, they all had the same rate on grain.—A. No, that is not so. We will have steamers leaving in May which will have grain at several rates on them.

By Hon. Mr. McMurray:

Q. Do you make contracts for that with shippers?—A. Absolutely, at the time.

Q. You get your minimum rates with certain shippers?—A. No, we make a contract, if you will, for different days; 8,000 or 10,000 quarters at 3 shillings, in May, for shipment either in the first half or on a specific steamer in May.

By Mr. McKay:

Q. What would make the great variation in rates in May?—A. Just as I have described, that gradually from day to day, what we thought was a good prospect in February for May shipment, at 3 shillings, we may have to modify when May is reached, and come down to 2 shillings.

Q. What is the cause of the ups and downs in rates?—A. The demand in the foreign markets, and the movement in consequence.

By Mr. Duff:

Q. And the tramp offering?—A. Well the tramp really sets what will always be a maximum rate.

Q. For instance, you make a rate in February for May; a tramp steamer may be engaged in the last of April for May shipment and they may go below your rate. Consequently, in order to fill up the balance of your space or the space of other Conference steamers, you have to meet the tramp rate.—A. That would be so, but it is very seldom that we decide on a minimum rate in February that we think will be over the tramp.

By Hon. Mr. McMurray:

Q. Will the tramp go below your minimum rate that you fix?—A. A tramp can make any rate it likes.

Q. Does it actually?—A. Usually over our minimum rate.

Q. It never goes below the minimum rate?—A. No, because we have what is the possibility of the tramp rate in our minds when we decide the minimum asking rate.

By Sir Eugene Fiset:

Q. The tramp service does not affect the liners nor the cargo steamers to the same extent that we have been led to understand?—A. Oh yes, it is a great factor, because if you remove the tramp altogether, the liner rate might go up above what the tramp will quote.

By Hon. Mr. McMurray:

Q. The tramp makes the maximum?—A. Yes, and therefore, as one of the former witnesses has stated, it gets down to a purely economic reason.

[Mr. W. T. Marlow.]

By Mr. Rinfret:

Q. It is really a controlling factor of the rates at the Conference now?—
A. No, not necessarily. That is only one factor, Mr. Rinfret. What really brings the rate down is, if we start in at 3 shillings—going back again to February—and we find that no movement comes out, it is natural that we will reduce our asking rate until we find that the movement responds to the rate we are asking. The same as in any other transaction.

By Mr. Duff:

Q. If you have made a definite contract for 3 shillings, you expect the shipper to keep that?—A. For that quantity.

By Mr. Symington, K.C.:

Q. To clear that up, if on February 20th, you fix a rate of 3 shillings for the first two weeks in May, any contract entered into by the Canadian Liner must be above or at that minimum?—A. For May shipment, yes.

Q. On that day, and on the very next day, February 21st, you meet again, and you may raise May shipment to 3/1d?—A. Three and a penny, yes.

Q. The very next day, and any contracts entered into then by the liners are all at that rate?—A. Not the contract that is made the day before.

Q. Oh no. I say the contract rate that you, meeting daily, fix, whether for shipment to-morrow or in May, whatever your offering rate is?—A. That is so.

By Mr. Montgomery, K.C.:

Q. And the grain is sold, in practice, on that rate whatever it may have been?—A. That is so.

Q. So that the seller of the grain at the point of origin, is not affected by any changes made afterwards?—A. No.

By Sir Eugene Fiset:

Q. That means two-thirds of the shipments that the liners or boats can possibly handle, the rate for it is fixed, and therefore it is only one third of the other cargo space to be allotted, that would be affected. Do I make myself clear?—A. I am afraid not, General. Do you refer to the quantity that goes by the tramp?

Q. No, sir. You told us a moment ago that you fix a minimum rate at a specified date that may apply three months hence. When you have fixed that rate the shipper is compelled to pay the price agreed upon for that date for the minimum, and you told us also that you might only have placed two-thirds of the shipment that the ship can handle. Therefore, there is one-third left over, and that is subject to fixation?—A. No, General. I think when I used that term I added "might have"; they might have booked two-thirds and have one-third left; they might not have booked anything.

By Mr. Montgomery, K.C.:

Q. Does the shipper have to pay that rate? Supposing you have an asking price on the 10th February for May shipments. Is the shipper compelled to pay that rate or could he hold off until, say, to-morrow, and wait until you come down a bit?—A. He can hold off. If he thinks we are a bit too high, he may hold off.

Q. And if you do not find the grain coming out—A. Naturally there is a depression, and down go our rates.

Q. Does it differ from the operations on the Grain Exchange or the Stock Exchange?—A. Practically the same, except probably not so speculative.

[Mr. W. T. Marlow.]

Mr. DUFF: Just there, I am not clear about the different steamers in the Conference—

Mr. KENNEDY (Glengarry): Really there is no uniformity—

The CHAIRMAN: Mr. Duff first, and then Mr. Kennedy, if you please.

By Mr. Duff:

Q. Mr. Marlow, are all the steamers in the Conference on a certain day expected to get the same rate, or can they go out and get a different rate? Supposing you book two-thirds of a certain steamer sailing in May at three shillings; on the 10th of May you have one-third of your cargo space to be filled, and you go out on that day and offer a rate of 2/6d. Can any other steamer on the same day offer to take it at two shillings, or do all the Conference take the business at 2/6d?—A. If you take an actual experience such as you mention and on the 10th of May—which was the day of sailing or a few days before the sailing-date of the steamer—the Line found itself in that position, it would say to the members, “I have this room in distress; I will have to go down to whatever is necessary to get the grain to fill that space”, and the Committee would say, “Go ahead”.

Q. What would they do if they had the same space you had—or the same space left?—A. They might say, if it was around the same date, “We also reserve the right to go down to that basis for ours”, or one might say, “I do not need to; I can fill up with other cargo”.

Q. Would they go lower than you? If you had a rate on that day of 2/6d. would the Conference allow them to quote a lower rate than you to get their space filled, or would you all have the same rate?—A. No, if it was distress room, such as you mention, they would say, “Get your requirements; your steamer is on the berth, and you have no time; make any rate you like to get your requirements.”

By Mr. Montgomery, K.C.:

Q. Is it clear that we are dealing not with a Conference as a whole, but simply with the local Liner Committee in Montreal?—A. Yes.

By Mr. Symington, K.C.:

Q. Answering Mr. Duff's question: Supposing you are the Line whose boat was there and had quoted 2/6d, being the rate fixed in your morning Conference, could another line go below you for that cargo?—A. No.

By Mr. Kennedy (Glengarry):

Q. Well, according to what you have just stated, there may be several rates then on wheat in effect, say, during the first two weeks or ten days in May by different steamers of the same line—several different rates on wheat?—A. That is so.

Mr. SYMINGTON, K.C.: But not being quoted at the same time. Let us get that clear.

By Mr. Kennedy (Glengarry):

Q. Contracts made on different dates?—A. That is right.

Q. But sailing on the same date?—A. That is right.

Q. Then there is really no uniformity— —A. So far as the grain trade is concerned, no. It is a fluctuating market up and down according to the supply and demand.

[Mr. W. T. Marlow.]

By Hon. Mr. Stevens:

Q. Just before we leave that point; the fact that your ship is scheduled to sail at a given point, and has its cargo partly completed—is that a factor, or does it constitute an anxiety for you to get cargo at a lower rate? Would it cause you any anxiety to quote a lower rate?—A. It causes us anxiety to get a lower rate.

Q. In practice, does that occur?—A. That occurs, yes, in the way I have just spoken of. Supposing it is my own, and to-day I go to the Liner Committee and say, "I have a boat on the berth on Saturday and I still need three loads to complete her; I cannot get it at the minimum rate to-day, two shillings; I have to go down to 1/6d, or perhaps 1/3d," and they will say, "Go ahead."

By Mr. Montgomery, K.C.:

Q. Is that a thing that comes up in these morning discussions?—A. It comes up every morning.

Q. Would you in practice get the rate at the morning meeting fixing the rate, and a distress occur during the day, or is it one of the things that come up regularly in the morning meetings and help to make the quotation for the day?—A. The distress room does not help to make the quotation for the day, but the question of distress room would be discussed at the morning meeting.

By Mr. Duff:

Q. Does the daily rate apply to all the Conference steamers, or can the Conference steamers go out and make their own bargains at a lower or a higher rate?—A. They would not, excepting under the circumstances I have explained.

Q. In other words, there is an understanding between the different ship-owners that they must all accept the same rate on the same day?—A. There is a daily understanding as to what the asking rate will be.

Q. And they cannot go below it or above it?—A. Except under these circumstances.

By Mr. Montgomery, K.C.:

Q. They can go above it?—A. Oh, yes, they can go above it, and they do.

Q. So you would quote a minimum as your asking price for that day?—A. That is it.

Q. And supposing Mr. shipper thought he would do a little better by waiting, he would make his bid?—A. That is right.

Q. So you have an asked price and a bid price?—A. Yes, that is true.

Q. And if you listed them at night you would find it would be much the same as any other exchange, excepting that it would be for only one commodity?—A. Exactly.

Q. And if you could not get bidders, what would you do?—A. We would go down in our rate.

Q. And if the bids were coming in hot, you raise the asking price, is that it?—A. That is it.

Q. Now, to get the practice of the thing: is wheat which is being exported in that way largely sold in advance and the rate obtained, which is one of the elements of the sale?—A. Yes, it is largely sold in advance.

Q. So that, for instance, if a man asked in February for May deliveries, he would get a rate from you which would be one of the elements which went into his price with the importer, in England, for instance?—A. That is so.

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Q. And whether the rate went up or down would not matter to him?
—A. That is so.

By Mr. Symington, K.C.:

Q. The shipper might bid more if he got a low rate?—A. That is not the usual practice, Mr. Symington. What really happens is that the broker has all his factors; he has the price of his grain at the Head of the Lakes; he has the carriage down; he has the insurance; he has all these items; he has the ocean rate; he has the certain price at Liverpool. It is a question of how far he would make the two meet, with the ocean rate as one of the links in the chain—as to how far he could go in purchasing the grain at the sea-board for delivery on a certain date in Liverpool, and he can come to meet the price paid in Liverpool for that grain.

Q. Well, he should never make any losses at that rate?—A. Some of them do; some shippers send over on consignment.

By Mr. Montgomery, K.C.:

Q. So it would be possible to speculate on the ocean freight rate coming down, and make his contracts without having got his contract from the steamship firm?—A. It is very frequent that what is known as a shipper, or a man who actually sells the grain, goes short on space, the same as you go short in the wheat market with the grain.

Q. It is an element that can be speculated inasmuch as any other?—A. Absolutely.

By Hon. Mr. Stevens:

Q. He contracts for his space?—A. Yes.

By Mr. Montgomery, K.C.:

Q. And makes his best guess as to the best time to pay it?—A. Yes.

Q. And his success or failure will depend on how good a guesser he is?—
A. That is right.

By Hon. Mr. Stevens:

Q. Have you any occasions where the shippers repudiate their contracts?—A. I have not known of a case where a grain shipper repudiated his contract. He is also very exacting on his side. In other words, if we book for the first-half-of-May shipment, and we fail to take out the grain, we are subject to a claim for his loss.

Q. And have you ever had such claims made?—A. Yes, we have had, but they are usually adjusted by some consideration in the rate of a future shipment. We pay the losses, nevertheless, whether directly or indirectly.

By Mr. Montgomery, K.C.:

Q. Assuming that the grain is contracted for, and the space is bought in that way, does it make any difference to the shipper that there may be grain carrying half-a-dozen rates on the same boat?—A. It makes no difference, because he has made his transaction apparently complete before he books his freight, except insofar as he may speculate.

Q. And as to whether the rate goes up or goes down depends upon the tonnage available and the freight offered in respect to grain—to the law of supply and demand particularly?—A. Yes. When you say, "tonnage offering"—we speak of tonnage generally as ship tonnage.

[Mr. W. T. Marlow.]

Q. Yes, the tonnage demanding and the freight offering. In other words, if in Montreal to-day there were half-a-dozen ships without grain, they would all be out trying to get it?—A. That is right.

By Mr. Duff:

Q. Is this rate made through brokers or direct with the steamship people?
—A. It is all done through brokers, Mr. Duff.

By Mr. Kennedy (Glengarry):

Q. Does your Liner Committee make any arrangements to regulate the number of ships offering at a certain time for cargoes?—A. No, we do not regulate the sailings.

Q. There is nothing there to regulate that in the Conference?—A. No. We are often in the unhappy position of having three or four sailings one week to a port, and none the next—for that reason.

By Mr. Montgomery, K.C.:

Q. Does the Conference or the Liner Committee restrict or curtail or fix in any way the number of ships which can come into the port of Montreal, we will say—the number of ships that a particular line can run on a particular route?—A. No; the number of steamers that a line will put into a particular service is of their own determination solely.

Q. Supposing the Canadian Pacific wanted to add two boats; would they have to ask anybody about it?—A. No; they can add them at their will or subtract them at their will.

The CHAIRMAN: But not multiply them.

By Sir Eugene Fiset:

Q. That does not apply to Liners?—A. Yes, General.

By Mr. Montgomery, K.C.:

Q. Does that apply to liners?—A. Yes. We frequently—I would not say “frequently”—but occasionally will find we have scheduled a steamer to sail from the other side on a certain day, and make a voyage from this side in return on a certain day, and the cargo offering is very poor, and we may cancel that sailing.

By Sir Eugene Fiset:

Q. Then it is your own fault?—A. But the Canadian Pacific determines all this; not the Conference.

Q. And are the rates charged by liners absolutely fixed on the quantity of grain—not taking into consideration the passenger traffic?

Mr. MONTGOMERY, K.C.: Do you refer to passenger boats?

Sir EUGENE FISET: I said so.

Mr. FLINTOFT: There are also cargo liners.

Sir EUGENE FISET: I meant passenger liners.

The WITNESS: There is no difference as regards the grain rate between passenger and cargo ships.

By Sir Eugene Fiset:

Q. Is the date of your sailing fixed by the cargo that these passenger liners will take?—A. The date of sailing?

[Mr. W. T. Marlow.]

Q. Yes?—A. In our service they are fixed by both passenger and cargo requirements, but our service is largely a passenger service and, therefore, we cater—

Sir EUGENE Fiset: It is understood in this Committee that the main consideration in fixing the date of sailing, as far as passenger liners are concerned, was the amount of space which they had—that fixed their sailings; that the passenger traffic had nothing whatever to do with it.

WITNESS: Well, in the case of our company, General, we consider both. At certain seasons of the year the passenger traffic might be very light, and cargo traffic has a greater consideration than passenger traffic, and at other seasons of the year the cargo traffic might be light and the passenger traffic receive greater consideration than cargo traffic.

By Mr. Montgomery, K.C.:

Q. Where does the movement originate as regards grain; who determines whether it is exported in May or in June?—A. Whoever owns the grain and employs the broker, I presume.

Q. Where is that determined; in other words, does the demand come from the importer in England or from the exporter in Canada who is shipping the grain over there to sell?—A. One would naturally believe that it is determined on the other side, that it is the other side that determines that. I have known of grain being sent over on consignment, by the owner on this side.

Q. As a general rule, it is bought in England for delivery?—A. It is bought over there for delivery. The transaction is complete before the grain leaves here.

Q. What I am trying to get at is this; will the extent of the movement be regulated by the market in England and the market requirements over there, or by the grain available here?—A. Decidedly by the requirements in England.

Q. They order it forwarded at certain dates?—A. Yes. They buy it in all parts of the globe. There might be heavy demands in Canada, but no quantity in Canada.

By Sir Eugene Fiset:

Q. Cargoes are not taken by cargo liners only but by passenger ships as well?—A. As far as the ship is concerned, there is very little difference between the cargo and the passenger ship. Very frequently a tramp is chartered to go to Cork, we will say, for orders. That is a common practice. At that time the shipper has not made up his mind whether he is going to put the grain into Bordeaux or into London, but that is a convenient place to go for orders, and he apparently tries to sell the grain when it is in transit, and when it arrives there he determines at what port it shall be discharged. Perhaps he has sold his grain there.

By Mr. Montgomery, K.C.:

Q. While I am not going to take you all over this matter, flour is something which is being considered by other bodies?—A. Yes, I understand it is under consideration by the Imperial Shipping Committee in England at the present time.

Q. You heard Col. Gear's evidence as to the difficulties involved in the handling of flour as compared with grain?—A. Yes, I heard that.

The CHAIRMAN: You might ask him what he thinks would be a fair differential. Col. Gear gave us his idea of it.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. I will ask this question, whether it is, in your opinion, practicable to have a fair differential?—A. I can best answer that by the experience of the Shipping Board. They attempted to fix a differential of five cents per hundred pounds for the wheat as compared with the flour rate. They found it unworkable, for the reason I have explained. As I have explained it, the grain rate fluctuates so tremendously that you cannot get any basis upon which you can fix a flour rate which will last for any time. They finally came around to a method something like this; they said "we will take the average rate on grain that ruled a certain week, and we will make five cents over that the rate for flour for the next two weeks." That was the best they were able to do with a differential on flour over grain. Personally I do not think there is any relation between the two commodities, insofar as Ocean traffic is concerned.

By Mr. Duff:

Q. Why do they try to fix a differential?—A. You mean the United States Shipping Board?

Q. Yes?—A. We have a variety of opinions. Some of them think it was for political purposes.

By Mr. Montgomery, K.C.:

Q. How did it correspond with election time in the United States?—A. It was done shortly before the election of 1920.

The CHAIRMAN: It might be merely a synchronizing.

Mr. MONTGOMERY, K.C.: Just a coincidence.

By the Chairman:

Q. Let me ask this question, Mr. Marlow; does it cost you more to transport, including the handling of flour, than grain?—A. Yes, sir.

Q. What would you say it costs you, as compared with the cost of handling grain; does it cost twice as much, one-third as much, or one-tenth as much; do you see what I want to get at?—A. It is very hard to determine that, Mr. Chairman. In the first place, you cannot get a fixed price for the handling of flour.

Q. Although your rates on grain may fluctuate greatly from time to time, you must have some idea of what it costs you to load, carry and unload grain; now, I want you to consider how much more it costs to load, carry and unload flour?—A. Well, I could not give you that without working it out, Mr. Chairman.

Q. Have you never tried to work it out?—A. Yes, but unfortunately at that time the grain rate was much higher than it is to-day. At that time my recollection is that the grain rate was 40 cents, and we were charging 65 cents on flour. We have to-day a grain rate basis of 7 or 8 cents, while the flour rate is about 20 cents.

Q. I am not asking you to take into consideration at all what rates you are charging on grain. I am putting this question to you; you must know or have some approximate idea of what it costs you to load, carry and unload grain, and how much more it costs to load, transport and unload flour; does it cost you twice as much, given equal weight in each case?—A. Well, I have not got the items in my mind, Mr. Chairman, or I would be very glad to give them to you. I will be very glad to work it out and give an answer to the question.

Sir HENRY DRAYTON: It depends altogether upon your base; it depends entirely upon your port, it depends upon whether you have proper mechanical devices for loading and unloading grain in port. We have not got them here, but we ought to have them here.

[Mr. W. T. Marlow.]

By Sir Henry Drayton:

Q. In connection with your answer that you consider the question of ocean carriage is not related, it is absolutely related, from the market standpoint?—A. I agree with that.

Q. If you do not observe something like a proper and a fair proportion, you are simply putting out of business the export of Canadian flour; isn't that right? If you have too big a spread between your grain rate and your flour rate, to the extent of that spread, when it is too large, you are absolutely putting a premium on foreign milling as against Canadian milling?—A. There is no question about it, the higher the rate on flour, the less chance there is of the Canadian miller competing with the British miller.

Q. And with the shorts and other so-called refuse, sometimes we can get a proper figure, but it varies very much. If we were to put in at Montreal proper mechanical devices for loading and unloading flour, it would greatly reduce that cost, and would put our agricultural industry in so much a better position?—A. I suppose it would.

By Mr. Montgomery, K.C.:

Q. Before we leave this question of the grain rates and the fixed differential which you are explaining, have you any records before you of the times when the matter was taken up?—A. Are you speaking of the differential which was decided upon in the United States?

Q. In the first place, was that ever accepted by the U.K. Conference lines?—A. No, it never was accepted as a principle.

Q. As a matter of fact was it taken up at the time?—A. They never accepted the principle of there being a fixed differential for flour over grain.

Q. Was it taken up at the time with the responsible parties, whoever they were—the Shipping Board?—A. Yes, it was.

Q. Have you their explanation of it?—A. It is in the Minutes there of November 1920.

The CHAIRMAN: If Mr. Marlow is going to answer the question I placed before him just now, as best he can, would it be just as easy to postpone the examination upon that point?

Mr. MONTGOMERY, K.C.: Mr. Flintoft is turning that up, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, can you tell us what the current rates are to-day in the United States from American ports, on grain and flour respectively?—

A. Yes; the rate on grain works out about $6\frac{1}{4}$ cents per 100 lbs. to-day to the United Kingdom, and the rate on flour is 20 cents per 100 lbs.

Q. And that is what is in force from New York ports to-day?—A. That is right.

By Sir Henry Drayton:

Q. Is Montreal the same?—A. No, at Montreal the grain rate is higher, about 10 as against 20, a spread of 10 cents.

Mr. FLINTOFT: I have a telegram here, Mr. Chairman, dated November 1st, 1920. It is given in the Minutes of November 4th, 1920, of the New York Conference, which is on file, although I do not know the number of the Exhibit.

Mr. SYMINGTON, K.C.: You did not start until 1921.

Mr. FLINTOFT: This telegram Mr. Marlow can identify. In it Admiral Benson, who was the head of the United States Shipping Board at the time, said:

[Mr. W. T. Marlow.]

"Your telegram twenty-ninth. Failing favourable consideration Shipping Board Conference wheat flour subject Board feeling prompt action imperative authorized five cents differential. According to working arrangement Shipping Board United Kingdom Conference and British United Kingdom Conference we assume subject automatically referred your members. Your telegram indicates this apparently not done which I sincerely regret. While Board realizes five cents differential not entirely satisfactory from purely steamship point of view, at same time you appreciate that Board as Government organization must consider all interests involved. Board fully appreciates co-operation at present existing between your members and Board Conferences and trusts such harmonious relations will continue. To this end you may rest assured that whenever practicable subjects of mutual interest will always be referred to you for consideration and advice before final action taken."

That is a telegram from Admiral Benson, Chairman of the United States Shipping Board, to the Secretary of the North Atlantic U.K. Conference, and dated at Washington, November 1st, 1920. That was on November 1st.

Mr. SYMINGTON, K.C.: That was on November 4th.

Mr. FLINTOFF: The telegram was dated November 1st.

By Mr. Montgomery, K.C.:

Q. In your experience in ocean traffic, in handling ocean traffic, would you consider it practicable to carry on business as between liners without a Conference Committee or some working together of some kind?—A. No, I do not see how we could get along in a business-like way without a Conference or some sort of an association.

Q. From your dealing with the public, whom you serve, do you find stability of rates to be a requisite on their part?—A. Very much so with manufactured products. As I stated before we have frequently had representations made to us by shippers that what they desired to know was that they were paying the same rate as a competitor and that they could rely on it for a period ahead.

Q. Would that condition obtain if you had no conference meetings or meetings of any kind?—A. I do not see how it could. I would think you would reduce each line to a basis of seeking their selfish interests.

Q. Let us suppose each line ignored the operations of the other, then it would be a coincidence if their rates happened to be the same on the same classes of commodities?—A. That is so.

Q. Is that a practical condition in operation?—A. No, it is not.

Q. Let us suppose each competed with the other in regard to price cutting in rates, what do you get there?—A. I can best explain that by going back to my early days in the railroad before there were any Commissions, any Railway Commissions or Interstate Commerce Commissions. We were all out scrambling for business, individually as best we could and we would go and deal with a lumberman to carry his entire cut for a year at a certain price and we were not caring about the small shipper or the other shipper so long as we got as much as we could at a good contract price.

By Sir Eugene Fiset:

Q. Following that, do you think it would be a good thing for the Canadian public if there was a public body that could control even the rates fixed by your Conference?—A. I am not in position to answer that question. General, because I am not in a position to speak for my company in that respect.

[Mr. W. T. Marlow.]

By the Chairman:

Q. I suppose that Mr. Marlow might, as an expert and a gentleman who has been appealed to, as knowing about these things, give his personal opinion?—A. I would rather ask to be excused, General. I am a good soldier.

The CHAIRMAN: Good soldiers do not ask to be excused.

The WITNESS: They do not have to perform a duty that their officers—

Mr. DUFF: I think that is fair.

The WITNESS: I think, as a matter of discipline I should not answer a question which my management or executive should answer.

The CHAIRMAN: The General asked him what he would think of an individual body which would have charge of the rates fixed by the Conference and Mr. Marlow says he does not want to answer.

Sir EUGENE Fiset: You should add there that I was induced to ask this question on account of the experience Mr. Marlow gives. I do not want to insist on it greatly.

The CHAIRMAN: Like a good soldier you are excused from answering the question.

By Mr. Montgomery, K.C.:

Q. This question of fixing maximum rates, I suppose, is the first thing that has occurred to every Commission that has sat on this thing, since the Commission on Shipping Rings was dealt with. You will find it very fully dealt with in the Alexander Report, where they have taken the opinions of shipowners, shippers, boards of trade and all classes of the community on that question, with their recommendations. There is a whole report on it and it has been exhaustively discussed and the reason given as to why it was not possible to have rates fixed by an outside board in the same way that railway rates can be given.

Sir HENRY DRAYTON: That applies to minimum rates and questions of discrimination more than it does to maximum rates.

Mr. MONTGOMERY, K.C.: It does. Undoubtedly that really was the outcome of the act, where they do not undertake to determine rates but they do entertain complaints and the reasons are so fully set out that I do not think Mr. Marlow has anything else he could add to it.

Mr. SHAW: The Alexander Committee recommended that the Interstate Commerce Commission should have control?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SYMINGTON, K.C.: It was the Senate who passed the Shipping Act, contrary to that report.

Mr. MONTGOMERY, K.C.: I will not go into an argument about it now because there are quotations and quotations about it.

The CHAIRMAN: Perhaps we had better have the witnesses to speak for themselves in the future.

By Mr. Montgomery, K.C.:

Q. Is it desirable that you should have lines competing to tie up a large contract and the small individual in the same line not getting the same rate or that there should be differences in rates between them?—A. I do not think that would be good for the shipping public.

[Mr. W. T. Marlow.]

Q. Does that conflict in any way with what you told us about contract rates your own lines had put in? You have mentioned contract rates in that?—
A. The contract rates that we have put in are open to all shippers, large or small and they have the privilege of shipping by all Conference Lines. There were a few exceptions which I mentioned in reply to Mr. Symington's question in the earlier part of my evidence.

Mr. SYMINGTON, K.C.: I did not get it. What were the exceptions?—A. I said there were cases where individually one or two of the lines were given permission to make such contracts.

By Mr. Halbert:

Q. Are the contract rates subject to re-contract again, that is a large shipper contracting for so much space and then sub-letting it?—A. Absolutely not.

By Mr. Montgomery, K.C.:

Q. I suppose that would be done with the tramp?—A. There would be a charter of the whole boat.

By the Chairman:

Q. I do not know whether my information is wrong or not but I understood that out of the port of Montreal the meat exporters contract for a great deal, if not all, of the refrigerated space in the same line and then what they do not need they let the butter and cheese people have.—A. That is not so.

By Hon. Mr. McMurray:

Q. I understood you to say there was speculation in space a short time ago?—A. I did not say it.

Mr. FLINTOFT: He said who were short. The grain exporters sometimes go short.

The WITNESS: Grain is a different thing.

By Hon. Mr. McMurray:

Q. There is speculation in space for grain?—A. We do not know it.

Q. I thought you suggested there was speculation in space.

By the Chairman:

Q. You said the people were short on space. Is not that speculation?—A. Yes, but we are not, knowingly, parties to the speculation.

Hon. Mr. STEVENS: Contracting for delivery without contracting for space?

The WITNESS: Yes.

Hon. Mr. STEVENS: The question that you raised, Mr. Chairman, has been raised definitely, has been advanced more than once, that there is unfair restriction in the use of cold storage space on liners by large shippers contracting for the space and then holding it for a higher price to others or letting the space go again, in order to keep competitors from using it.

The WITNESS: I do not know of that being the case.

By Hon. Mr. Stevens:

Q. No knowledge of it at all?—A. No knowledge of it in my experience.

By Mr. Black (Halifax):

Q. If I take a thousand feet of space I can ship the article, fill that space; it is filled by me, at the same time it may belong to somebody else and I am making a profit on it.

[Mr. W. T. Marlow.]

Sir HENRY DRAYTON: The vessel owner would not know.

Mr. BLACK: Does the shipowner know?

The WITNESS: One of the difficulties we have with the refrigerator space is that after it has been taken it is cancelled on us again without sufficient time for us to fill it again. That frequently occurs with butter and meats.

By Hon. Mr. Sinclair:

Q. Is that by the broker?—A. No, by the shippers themselves.

By Mr. McKay:

Q. Why not make them pay in advance?—A. We should.

Mr. DUFF: Getting a deposit.

By Mr. Montgomery, K.C.:

Q. I understood you to say that the C.P.R. do not carry cattle?—A. We do not carry cattle.

Q. You have not been attracted by the—A. I can only say that it is evidently the opinion of our management that the rates are not sufficiently attractive to go into the cattle business, that is to fit up our cargo steamers for the carriage of cattle.

Mr. SYMINGTON, K.C.: They produce the cream but they are not the cream of the traffic, in your judgment, apparently.

The CHAIRMAN: They are all males that they send.

Sir HENRY DRAYTON: You got a wrong steer.

By Hon. Mr. Stevens:

Q. What proportion of the cattle is carried by the liners?—A. I would say that all of the cattle are carried by the liners.

Q. Not by tramps?—A. Not by tramps, no.

Q. There are cattlemen who go into the question of cattle rates?—A. Yes.

By Mr. Black:

Q. No shipper of cattle would willingly use a tramp?—A. No.

By Mr. Symington, K.C.:

Q. I understood you to say that you could not get along without a conference?—A. That is my opinion.

Q. A conference then is an advantage?—A. I think it is almost a necessity.

Q. Do you object to competition by a line which is not a member of the Conference?—A. I cannot say that we object to it. We are naturally anxious about it.

Q. Leaving aside all question—that is another matter—of this particular contract, would it not be a measure of control if there was a competitive line offering service outside the Conference?—A. I do not see that it would be a measure of control.

Q. Supposing it is possible to conceive that the Conference were asking too high a rate on a particular commodity and the competitive line put in another rate, that would be a measure of control, because you would meet it, would you not?—A. Yes, we might even go below it.

Q. So that it would be a measure of control?—A. Yes, but that could only go on for a certain time.

Q. I cannot follow that.—A. Take for instance the lines outside the Conference and the C.G.M.M.—these lines have services from all United States

[Mr. W. T. Marlow.]

ports. It is immaterial to them if they could reach say 75 per cent of the traffic, which is more or less international, without calling at Canadian ports. I do not see why they should willingly subject themselves to this competition.

Q. Your suggestion then is, that if there was a competing line, who put in a lower rate on a commodity or commodities, the other lines, apart from the Canadian Pacific, would withdraw?—A. I think that as soon as they got down to a fairly unprofitable basis they would withdraw.

Q. You are assuming it is unprofitable. Suppose it is possible to conceive that the Conference fixed a higher rate upon a commodity or upon commodities and a competing line fixes a lower rate, the other lines would meet it?—A. Yes, I think so.

Q. That was Colonel Gear's judgment?—A. Yes, speaking of supposition because I do not think it would ever actually occur.

Q. Because you do not think you fixed too high rates. That is your whole answer?—A. That is it.

Q. Now in connection with the Conferences, I understand you were one of the committee who prepared the Reply?—A. I am not.

Q. That was a mistake in the evidence, was it?—A. It was corrected at the time by Mr. Flintoft. I was not in Montreal when that was compiled.

Q. You can probably speak of this. At page 4 it says,

"The requirements of the trade were oversupplied, resulting in severe competition among shipowners, and rates fell heavily".

That would be so?—A. Yes, I think they are speaking, though, of general conditions.

Q. They are speaking of the reason the Conference was formed?—A. Yes.

Q. Now the position to-day is that the requirements of the trade are oversupplied, is it not?—A. That may be so at the moment. If I may amplify my answer, I would say it is a very difficult thing to determine what are the requirements to meet prospective business, in the way of tonnage.

Q. My recollection is that your president, in his annual address, referred to the oversupply of tonnage, and I think this Reply refers to it.—A. Speaking of the tonnage in the world, available?

Q. The tonnage in this trade, and available for this trade?—A. I think for present needs there is too much tonnage in the trade.

Q. But there is now, as opposed to prior to the formation of this Conference, no competition in rates between liners?—A. Prior to the formation of this Conference?

Q. I say prior to the formation of the Conference there was competition in rates between liners?—A. I do not know anything about that, Mr. Symington because I was not in the Atlantic shipping trade at the time.

Q. I understood you to agree with the statement here, that "the requirements of the trade were oversupplied, resulting in severe competition among shipowners, and rates fell heavily".—A. I would think that would be a natural thing, but I am not familiar with the conditions that existed before,—well, I came into the Atlantic trade in 1919, the commercial end of it.

Q. The point I am making from you, Mr. Marlow, is this. Now there is no competition in rates between liners?—A. Quite right.

Q. And there is, as you told us, an oversupply. The result of the Conference, then, if history repeated itself, is that rates are not falling because of the Conference. That is correct, is it not?—A. I think the Conference maintains rates.

Q. Now, you told my learned friend that following the war this rat-

[Mr. W. T. Marlow.]

ference itself, took the rates as they were practically following the de-control?—A. That is right.

Q. Which rates were very very high rates?—A. They were not high considering conditions prevailing, but they were very high if you measure them by the present time.

Q. And they were very high rates, not considering costs, but in the shipping world they were high rates?—A. Yes, they were high rates.

Q. Then you say you gradually scaled them down?—A. That is right.

Q. The tendency was that rates fell?—A. Up to March, 1924.

Q. Can you tell us just how you scaled them down? How did you do it?—A. At different periods we did it rather wholesale, and at others we did it piecemeal.

Q. Where would we get a record of that, Mr. Marlow?—A. I think some of the minutes will show.

Q. I can find individual instances of individual rates, but can you show to the committee where the big thick commodity rate tariff covering all the commodities was ever reduced in the way you say?—A. I cannot take this list and pick it out for you, but I can get it for you.

Q. I wish you would, because I have not been able to find it.—A. I do not want to be compelled to produce something offhand, which I might have to look over.

Q. But you think it is in here?—A. I think it is.

Q. I may have missed it. Then that would be the way it was done, and you will be able to find it?—A. For instance, I remember on one occasion the Canadian lines recommended that probably 25 or more articles have the rate reduced.

Q. Was that not after the 25 per cent increase? I have a record of that?—A. No, I think there was one occasion before that when we made a pretty wholesale reduction, probably in 1919 or 1920. Then in between times there were individual reductions, piecemeal reductions made.

Q. Where would the record of them be?—A. In the minutes and in the tariffs, principally in the tariffs because the minutes are not very specific as regards rates.

Q. No, apparently with respect to rates, what the minutes usually say is supplement No. 20 to Commodity List so and so was approved. That is about what it amounts to.—A. Yes; then you would have to refer to the supplement or the tariff.

Q. Quite so. Then, while you say the tendency was downward, the last tendency was upward?—A. In March, 1924.

Q. Being a 25 per cent horizontal increase in 1924, in March?—A. Yes, which was afterwards modified.

Q. In some ways?—A. Yes, particularly on commodities that affected the Canadian trade.

Q. You said in your evidence in chief, I just took down your language, "we decided to ask for a horizontal 25 per cent increase." Who were "we"? Whom did you decide to ask?—A. I do not remember my saying that.

Q. I am not suggesting anything; probably it was a slip.—A. Probably it was a slip. The Conference as a whole decided to make that.

Q. There was some dispute about it in the Conference, was there not?—A. I do not recall it at the time; there may have been dissenting views on the move.

Q. The Canadian members were all in favour of the raise, were they not?—A. I think they were.

Q. And some of the Americans did not want it?—A. That may be so.

Q. I find a wire, which I will come to later, in which I think some reference was made to that.

[Mr. W. T. Marlow.]

Hon. Mr. STEVENS: Mr. Symington, you say "Americans." Do you mean the American representative of an English concern?

Mr. SYMINGTON, K.C.: Yes, whenever I speak of that I mean the residents in New York.

The WITNESS: Representatives of the United States port lines.

Mr. SYMINGTON, K.C.: Representatives of the United States port lines. That is the best way to put it.

By Mr. Montgomery, K.C.:

Q. Often the same lines are serving the Canadian trade?—A. Very often.

By Mr. Symington, K.C.:

Q. Now you also referred to various reductions that the Canadian lines had secured. Where would they be reflected?—A. They would be reflected in our minutes and in the supplements or the tariffs, as issued from time to time.

Sir HENRY DRAYTON: I suppose that is where they would be shown; they would be reflected in the receipts.

By Mr. Symington, K.C.:

Q. Would they be shown in the minutes of the Canadian Liner Committee?—A. As a rule, yes.

Q. And in the minutes of the New York Committee?—A. No, not in those minutes; they would probably appear there in the tariffs or supplements, as issued from time to time.

Q. And they would appear, I suppose, in the correspondence?—A. That is it. Not always in the correspondence; if it were a matter of discussion in New York, the correspondence would not show it.

Q. And if it were a matter of discussion in New York the minutes would not show it, and we would have no way of knowing it?—A. Yes, by the tariff.

Q. How would we know whether that was done at the instigation of the Canadian or American port lines?—A. I do not know that we ever thought this investigation was coming up, or we might have kept that record for you.

Q. Frankly, the reason I ask you is, as far as I have been able to get it from the correspondence of my learned friend, it seemed to me that the history of the rate changes disclosed, show that practically all the suggestions came from the American port lines to meet the competition of Reardon-Smith, whereas there were protests sometimes from you against these decreases, particularly where Canadian traffic was affected, but a singular lack of requests for decreases coming from the Liner Committee. I am stating quite frankly the impression I got.—A. You will find also that these were mostly emergency rates, and it was a natural thing. If you were one of the United States port lines and had a boat on the berth for Baltimore, and a Reardon-Smith boat was on the berth—you will find it is usually large bulk cargoes, large bulk commodities reflected in these rates, such as iron, steel, oil and asphalt; you will find them recurring very frequently, and even oil cake which is shipped in lots of from 1,000 to 1,500 tons in the United States, while we are very fortunate if we can get 100 tons in Canada at any time. You will find in these cases these lines applied to take big parcels of that kind at special rates, rather than Reardon-Smith should secure them at the rates they made.

[Mr. W. T. Marlow.]

Q. The outside competitor.—A. The outside competitor.

Q. So you will go this far with me, I think, that when Reardon-Smith were outside the Conference, operating from United States ports, a great deal of traffic was carried from the United States to the United Kingdom at cheaper rates than the Conference rates which ruled from Canadian ports. That is so, is it not?—A. It is so, if you take it in the broad way you mention it, but it is not if you analyse the articles.

Q. We may come to that, but taking it that that was the result of a competitive line outside the Conference—that is so?—A. Absolutely. They met that competition.

Q. Is there any reason why that would not prevail in Canada, if there were an outside line competing?—A. There is only this difference in Canada, that you have not the volume to work on that you have in the United States.

Q. But we have the bulk.—A. Outside of grain and flour, no.

Q. The proportion of our shipments is so predominantly bulk commodities?—A. Yes, that is so, but the volume of traffic is comparatively small.

Q. Compared to the number of boats in the service between the two ports?—A. I am grouping all the United States ports; between United States ports and Canadian ports.

Q. That comes back to my first question. Apparently you would say there is more tonnage for the amount of freight from Canadian ports than there is tonnage for the amount of freight from American ports?—A. No, I do not say that. You mean ship tonnage?

Q. Yes, more ship tonnage going to the Canadian ports than the amount of cargo, than going to the American ports for the amount of cargo there?—A. I do not think so; I think it pretty well balances.

Q. Why would not the rule work then, with respect to that outside competitive line coming to Canada?—A. Why wouldn't we try to meet their rate?

Q. Yes.—A. I think we would, up to the point I said before.

Q. The result would be somewhat similar to what happened when Reardon-Smith were plying out of United States ports?—A. I do not know, I am sure.

Q. Why would not the same thing happen?—A. I do not know what underlay the Reardon-Smith venture, and I do not know what would underly a venture from Canadian ports.

By Mr. Duff:

Q. Just carry that a little further, Mr. Marlow. I understand that the United States representatives use this Conference for their own purposes, and compel the Canadian people to agree to rates, but any time they see they are losing the business they can cut the rate, and make you agree to it.—A. No, that is not so, Mr. Duff. I do not think it is fair to put it on that basis. It will be seen by a reference to these statements that they largely consist of reductions on such traffic as oil, paraffin, wax, asphalt, oil cake and steel. There is very little steel exported from Canada at all; our manufacturers cannot compete with the United States Steel Corporation, and such large bulky articles as that—copper is another one—of which there is 1,000 tons in the market at one time to be picked up. I do not think these commodities affect the Canadian trade very much at all. I wish we could get some of that traffic.

Q. Supposing an outside steamer came in to get the goods which would be carried in Canadian and Conference steamers in the United States, and quoted a lower rate. Would not the United States representatives arrange to meet that rate?—A. Yes. Now when that occurs, Mr. Duff, and it is on a commodity that we think might be shipped from Canada, we invariably reserve the right to protect the Canadian shipper in the foreign market, on the same basis of rates.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. But the point about that, Mr. Marlow, is that while what you say is quite true, no doubt, I notice you particularly insist, where the rate is for more than five days,—it used to be ten days?—A. Yes.

Q. Now it is five, but they get the right to quote through two or three months, sometimes, do they not?—A. For shipment there?

Q. Yes?—A. Yes, that is right.

Q. And in this case you are careful, in your consent, to say that where it is a rate extending for a period, the Canadian lines must have the right to put in the same rate, if they so desire?—A. Yes, because we felt that the American shipper would have an advantage in the foreign market over the Canadian shipper under such an arrangement, and we fought for the right to protect the Canadian shipper.

Q. But the fact is that these rates are fixed from the United States with a particular big shipment in sight, and it actually exists.—A. Yes.

Q. And it is only for a five day booking period?—A. Yes.

Q. So that the protection to the Canadian shipper, unless he just happens to be shipping within this five day period, does not amount to anything, does it?—A. I will tell you what actually occurs. For instance, I remember in the case of a special rate being granted on steel in boxes, we go to the Steel Company of Canada, and to other likely shippers and say, "Here, are you likely to have any steel for shipment?" If they say "Yes", I will say, "All right, why do you not make a contract with us", and we actually get a contract in the five day period. When I say "we" I mean the Canadian lines do that, and that has been our practice right along in our efforts to protect the Canadian shipper, where we are in the traffic and competing with the United States producer.

Q. Now you heard Col. Gear's evidence generally as to how rates were made?—A. Well, do you mean the factors entering into rate making?

Q. No, the Liner Committee, then the Conference, adopt the rate, that is what you call promulgate it, or send it out in the form of a tariff?—A. Yes, that is to the members.

Q. And that rate stands until you are notified by Mr. Morse, the Secretary of the Conference in New York, that there is a change?—A. Yes but then Mr. Morse, as I said before, is simply a piece of machinery.

Q. Oh, quite so. But the fact is that you cannot change that rate, Mr. Marlow, and until you get notification from Mr. Morse as one of the North Atlantic Conference, that you are permitted to change that rate?—A. Well, let me put it in another way; until Secretary Morse gets the concurrence of the other lines in the Conference.

Q. Quite so. That is, when Secretary Morse gets the unanimous concurrence of all members of the Conference to a change, whether it be done by wire, or whether it be done by meeting, he notifies the other lines, all lines, that from such and such a date they can quote so-and-so, and then he follows it up with a tariff amending, or a supplement to the original tariff?—A. That is correct.

Q. And every month, or periodically, those single sheet supplements are combined in a long supplement and sent out?—A. That is right, until they become too voluminous, or we issue a new tariff.

The CHAIRMAN: You codify the law.

Mr. SYMINGTON, K.C.: They codify the law, yes.

Mr. MONTGOMERY, K.C.: I forgot to ask, are those Conference meetings all in New York?—A. Twice a year in Montreal.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: I think Col. Gear said that.

WITNESS: Yes. May I explain that a little more fully, Mr. Symington. The reason the Conference meetings are held in New York is simply because it is the most central place for all the lines to attend. They can be held just as well in Chicago, Montreal or Baltimore, if they were convenient places of meeting. And as a matter of fact we held one last June in Chicago, one of our Conferences.

By Mr. Duff:

Q. The majority of the representatives of the Conference, are in New York?—A. They are in New York, yes that is it.

Mr. SYMINGTON, K.C.: And the Rate Committee consists of residents of New York.

WITNESS: And I may add to that, Mr. Duff, for the information of the Committee, the great bulk of the exports of both Canada and the United States, is controlled through agencies in New York, including the grain.

By Mr. Symington, K.C.:

Q. Getting back to our rates then, Mr. Marlow, so far as the general commodity list is concerned, with the exception of what you termed the Open Rate, they are fixed in that way, and are immutable and unchangeable until everybody concurs in their change?—A. That is as it should be.

Q. Well, I say that is as it is.—A. Yes.

Q. Then so far as grain, flour and cattle are concerned, the New York Conference you say does not fix those rates?—A. No, nor the deal rates.

Q. Now with respect to deals, the Canadian Conference fixes that rate and notifies the other members of the Conference of what their rate on deals is?—A. Correct.

Q. And what I am not sure of it with respect to deals, can any other members of the Conference object to that rate?—A. Not any other than the Canadian members. If the Canadian members agree, no other member can object to the rate on deals. We have the right to make it.

Q. That is clear. Is that different from any other?—A. Yes, it goes into the same group as the other three commodities mentioned; wood pulp, nickel, and asbestos. The Canadian lines actually make the rate on those commodities and notify the other members that they have made such and such a rate.

Q. Then with respect to grain, flour and cattle—which are the Open Rates as you term them?—A. Yes.

Q. With respect to grain, you have told us your Liner Committee meets?—A. A grain Committee of the Liner Committee, if you please.

Q. A grain Committee of the Liner Committee. And do you notify New York what your rates on grain are?—A. No.

Q. Are you supposed to?—A. No.

Q. Then what is the difference between an Open Rate and a rate in which you have the initiative?—A. Well, an Open Rate, any individual line can make the rate, but the Canadian Lines amongst themselves in respect to grain see fit to get together once a day. Now, if one of them—for instance, take the present situation, the Canadian Government Merchant Marine don't meet with that Grain Committee every morning, they make their own rates, there is nothing to prevent, so far as the Conference is concerned, it would not be a breach of our understanding if the Canadian Pacific said to-morrow, I am not going to tell you what my grain rate is.

Q. So far as the practical result of the system is concerned, with respect to grain, is there any difference between an Open Rate and a rate upon which you have the initiative, is there the slightest difference?—A. Oh yes, there is.

[Mr. W. T. Marlow.]

The CHAIRMAN: Not in theory, but in practice.

By Mr. Symington, K.C.:

Q. In practice?—A. In practice, yes, that is it. There is a difference.

Q. In practice there is a difference. What is it?—A. Just as I have explained exactly how the trading is done in respect to grain. There is that difference.

Q. The difference is that the Liner Committee fixes in one case the rate, and in the other case a minimum rate. Is that the difference?—A. No.

Q. Then what is the difference?—A. We will take, for instance, the rate on wood pulp. That may be fixed by the Canadian Liner Committee, and last for six months. Likely it would. Or for three months, or something like that. The minimum rate on grain is arranged by this Grain Committee every day. I think that is a material difference in practice.

Q. Not if the same person fixes it?—A. No, the same representatives. I mean representatives of the same lines fix it.

Q. Where is the difference other than it is fixed oftener perhaps?—A. Oh well, I think that makes a big difference.

By the Chairman:

Q. Is it merely a difference in time?—A. Oh no.

Mr. MONTGOMERY, K.C.: It binds all the members of the Conference. An Open Rate does not bind anybody.

By Mr. Symington, K.C.:

Q. That is the reason I ask, in practice, seeing we are discussing only shipments from the Canadian ports, it does not make any difference whether you call grain an Open Rate or one on which you have the initiative, so far as shipments from Canadian ports are concerned.—A. That is right.

Mr. MONTGOMERY, K.C.: It makes all the difference.

Mr. SYMINGTON, K.C.: The witness says it does not, Mr. Montgomery.

WITNESS: It makes the difference I have already explained, in practice.

By Mr. Symington, K.C.:

Q. They fix it oftener, that is all. Let us understand the situation then a little bit in respect to flour. Is the flour rate an Open Rate?—A. It is a Conference Open Rate.

Q. It is a Conference Open Rate, but again the Canadian Liner Committee fixes the rate on flour.—A. They get together and agree on a rate on flour.

Q. That is, from your minutes, the rates upon flour are fixed every week in your Liner Committee meeting?—A. Oh, they are fixed at any time. It need not be every week at the regular meeting, it can be in between meetings.

Q. At any rate I know you do refer to them in your minutes?—A. We record them for reference, to see the fluctuations.

The CHAIRMAN: I do not know how the rest of the Committee feel, but I know the Chairman has been trying to follow this evidence carefully, and he feels rather tired. I do not know how the witness feels.

Mr. DUFF: Let us get on with it.

Mr. RINFRET: Perhaps Mr. Symington can conclude with this witness in a short time. But if he is going to continue for a while, we might as well adjourn.

Mr. SYMINGTON, K. C.: I will be some time with Mr. Marlow, because he is the man who understands the thing well, and I am going over a certain number of minutes.

[Mr. W. T. Marlow.]

Mr. JOHNSTON: There are others who are tired besides the chairman.

The CHAIRMAN: If the other members of the Committee feel as I do, and with the Committee's permission, I would suggest an intermission until half-past eight.

Several MEMBERS: No, no.

The CHAIRMAN: What does the Committee say, and what do counsel say?

Mr. MONTGOMERY, K.C.: We have no preference. We wish to be of assistance to the Committee and we are at your service.

The CHAIRMAN: If we are not to sit to-night, we had better sit until six and then call it a day.

Mr. MONTGOMERY, K.C.: That is better.

By Mr. Symington, K.C.:

Q. We were speaking of flour, Mr. Marlow. Flour rates are declared open by the Conference and are in fact open from United States ports?—A. I do not know anything about United States ports, because we fix our own flour rates.

Q. Now Mr. Marlow, do you or do you not tell this Committee that?—A. I understand they fix the flour rates down there themselves. I understand that.

Q. That is, that the New York Committee meets the same as the Canadian Liner Committee and they fix the flour rate?—A. I understand they do.

Q. And the Canadian Liner Committee meets in Montreal and fixes the flour rate?—A. Yes, I understand they do.

Q. And that is what you and Col. Gear call an open rate?—A. Well, I qualified my statement. I said in respect of the Conference.

Q. In respect to the Conference. The difference is that instead of the one meeting fixing the rate governing that now, the New York Committee fixes flour from American ports and the Canadian Committee fixes flour from Canadian ports and you notify each other by wire of your rate?—A. That is right.

By Mr. Duff:

Q. And all the Conference steamers have the same rate?—A. No, not necessarily.

Q. That is important.—A. The last time I think we reduced our rate before they did theirs.

Q. Who did?—A. The American Lines.

Q. But the Canadian Conference have the same?—A. Oh, yes, all Canadian Conference Lines have the same rate, and all the American Lines have the same rate.

By Sir Eugene Fiset:

Q. The Canadian Conference is a Conference within a Conference both for grain and flour?—A. Well, General, we have had so much dissension as to what the word Conference means that I cannot put myself up as an authority.

By Mr. Symington, K.C.:

Q. To get it clearly before the Committee, so far as flour is concerned, the Canadian Liner Conference sits and fixes the rates on flour which governs all the Canadian Conference Lines shipping from this port?—A. That is right.

Q. And the American members of the Atlantic Conference meet in New York and fix the rates on flour from United States ports which govern all the United States ports liners?—A. I understand they do.

Q. And the two Committees exchange wires telling what the flour rates are fixed by each Conference?—A. That is right.

[Mr. W. T. Marlow.]

The CHAIRMAN: You might ask him whether, as a matter of fact, there was ever any substantial difference between the two rates?

Mr. SYMINGTON, K.C.: All right.

By Mr. Symington, K.C.:

Q. Was there ever any substantial difference between the rates?—A. Do you mean in the past?

Q. Yes?—A. Yes, there have been differences.

Q. But at that time, Mr. Marlow, was the flour rate from American ports not an absolutely open rate?—A. You know what I mean. I am speaking of when the Canadian flour rate was over the American rate?—A. There was a time when it was absolutely open.

Q. And at that time the open rate on flour from American ports was lower than the rate on flour from Canadian ports, which was not open in the sense of which I speak, namely, that it was fixed by the Canadian Liner Committee?—A. There was a time when the American flour rate was lower than the Canadian flour rate.

Q. And there was a time when the American Lines were willing too, and did in fact carry Canadian flour from American ports at a cheaper rate than the Canadian Lines were carrying it from Canadian ports?—A. That is so.

Q. Which brought a very vigorous protest from the Canadian Lines—

The CHAIRMAN: Millers.

The WITNESS: Shippers.

By Mr. Symington, K.C.:

Q.—no, from the Canadian Steamship Lines to the American Steamship Lines, with the result that they issued a tariff from New York that the rate on Canadian flour was fixed, but the rate of American flour was left open at a lower rate?—A. That is so, but it has been gone into and adjusted by the Imperial Shipping Committee.

Q. That continued for some years in the face of the Canadian Millers' Association?—A. That is right.

Q. Which protest took the form not only of going to your body, but coming before the Minister of Trade and Commerce at Ottawa, and making representations here. The matter was not remedied until when?—A. I have not the exact date in my mind, but some time last year.

Q. When the Imperial Shipping Board came out and held its sittings, it was then, in the language of Colonel Gear, rectified and is going to stay rectified, is that it?—A. That is it.

Q. So that now the Canadian millers, after suffering that disadvantage for some years, are now on the same basis as the American millers, except this possible question of differential?—A. Well, I do not know they are on the same basis; there is nothing to prevent the American lines making their rate one thing to-morrow, and we making ours. I can say with truth that we have no understanding with the United States Lines that we will maintain the same rates on flour, as they do.

Q. I notice the wires usually read: "United Kingdom number so-and-so Canadian flour; rate unchanged"?—A. That is right. We notify them what our rate is.

Q. And back comes their reply, "American flour rate unchanged"?—Yes; we notify each other of the rate.

Q. With the result that the rates are kept?—A. I do not say that is a result.

[Mr. W. T. Marlow.]

Q. Are the rates kept?—A. I don't think so. As a matter of fact, I do not understand to-day how the Shipping Board can maintain the rate they do on flour.

Q. The American rate, then, on flour to-day is less than it is from Canadian ports, generally speaking?—A. I do not understand so.

Q. That is not your understanding?—A. No.—

Q. Since when?—A. I understand that the United States Shipping Board is quoting the same rate on flour to-day which happens to be ours—not by agreement, but by coincidence.

Q. How about the wires that pass between the two countries? Is that instinct or coincidence?—A. No; that is an arrangement to notify each other what rates we make.

Q. Is it very surprising in view of the information which you have?

By the Chairman:

Q. In other words, is it a strange coincidence?—A. Not to my way of thinking.

Q. Then I understand Colonel Gear—and I think I understand you—to say that they do not attempt to preserve a differential between grain and flour?—A. When you say "they, whom do you mean?

The United States Port members of the North Atlantic Conference?—A. I do not know anything about what they attempt to do, but I know it is actually a fact that to-day their rates on flour bear no relation to the Canadian rate.

Q. How long has that persisted?—A. Oh for a great many months now; I would say almost a year.

Q. Almost a year?—A. Yes.

Q. The ruling has never been withdrawn, has it?—A. Do you mean the government ruling of the Shipping Board?

Q. Yes?—A. I do not know of that.

Q. It was accepted by the North Atlantic U.K. Conference?—A. No, it never was; it was accepted by the Shipping Board, but never by the Conference.

Q. It was not accepted by the Conference?—A. Never was, to my knowledge.

Mr. SYMINGTON, K.C.: I think we will have to show you a minute on that, when I get around to the minutes.

By Mr. Symington, K.C.:

Q. Then, proceeding a little further afield. You have told us that there was a Tri-partite Conference between the Gulf, the North Atlantic and the South Atlantic?—A. That is so.

Q. At which Conference there were a certain few articles upon which the Gulf Conference were given the initiative?—A. That is right.

Q. There were a certain few articles which were called "neutral rates"?—A. That is right.

Q. Which meant that either party could negotiate?—A. That is right; could propose an advance or a reduction with the concurrence of the others.

Q. But it could not be changed without the unanimous approval of the others?—A. That is correct.

Q. And every other rate, except those specified in these two small lists, was only of North Atlantic initiative?—A. Correct.

Q. So that the result of that Conference was that the North Atlantic U.K. Conference,—except in a very few commodities—controlled all the rates from all ports from Canada to the Gulf?—A. Yes, that is pretty much the effect of it.

Q. That was the finding, was it not, of the Board in this case to which my learned friend has referred?

[Mr. W. T. Marlow.]

The CHAIRMAN: What is that, the Alexander Committee?

Mr. MONTGOMERY, K.C.: No.

The CHAIRMAN: The decision of the United States Shipping Board.

The WITNESS: I do not understand from my experience with it that that was the finding. You are not speaking of the Alexander; you are speaking of this Board investigation case?

By Mr. Symington, K.C.:

Q. Yes, sir.—A. I do not understand that was the finding. My understanding is that the Gulf complained that they should not charge the higher rate from the Gulf, which was 15 cents per hundred pounds, or five cents per cubic foot, as the case may be, over the North Atlantic rate. They claimed they should have the rate, if necessary, as low as the North Atlantic rate in order to induce the flow of traffic through the Gulf, as against the North Atlantic.

Q. In order to meet tramp competition?—A. No, I do not think—

Q. You remember your wires, Mr. Marlow; for a long time almost every wire was from the Gulf, wanting lumber rates reduced so that they could meet tramp competition?—A. Yes, but—

Q. They would wire up and ask Mr. Morse for permission, and Mr. Morse would communicate with you, asking for permission, and you would say, "No, that may affect our lumber rate in Canada," and Mr. Morse would wire back to them and say, "No, you cannot change your lumber rate"?—A. I want it distinctly understood that when that happened Mr. Morse and I were but the mouthpieces for our respective Committees. I want that quite clear to the Committee.

Q. Oh, we understand that.—A. That is right, except insofar as very frequently the rate quoted by the Gulf was exaggerated or did not exist.

By the Chairman:

Q. They tried to fool you?—A. That is right.

By Mr. Symington, K.C.:

Q. The fact was, however, that here were the rates laid down on nearly every commodity on which the initiative was given to the North, and they could not be changed without the unanimous consent of the others, and there was the situation, so that the North Atlantic controlled practically altogether the rates on the Atlantic Coast?—A. Yes, that was so, but it will bear an explanation. Those commodities all originated adjacent to the North Atlantic Coast, or in what is known as the Central Freight Association territory, which is more readily reached by the North Atlantic range ports than by the Gulf.

Q. I am reading to you now from page 73 of Exhibit 17B, and from your understanding, see if you agree with this: "It is, therefore, obvious that the differential situation is effectively controlled by the North Atlantic Lines." That refers to your Conference?—A. That is right.

Q. "In this connection it should be pointed out that the membership of the North Atlantic Conference is predominantly foreign." Is that true?—A. That means British.

Q. "This foreign membership with votes outnumbering by far those of the American members dominates the tripartite Conference and the rates applicable to American commodities moving in American bottoms from American ports." That is correct?—A. That is right.

[Mr. W. T. Marlow.]

Q. Could not those same words be used applicable to the same traffic if, instead of the word "foreign," you substituted "British and American?"—A. I do not understand your question.

Q. Where they say that the American traffic is controlled—"dominated"—by foreign membership, you say it refers to British Lines?—A. Yes.

Q. Would not that same statement exactly apply to Canadian traffic if you substituted, instead of the word "foreign," the statement that our traffic is "dominated by the British and American membership of the North Atlantic Conference?"—A. I do not think there has been any domination.

Q. But, I say, the power to dominate is there?—A. The power might have been there, but in practice I do not think the domination existed.

Q. Then I understood you, or Colonel Gear, to state—now that we have the situation as it was with respect to domination on the North Atlantic—that this Agreement has been dissolved?—A. As between carriers? The understanding between carriers has been dissolved.

Q. Has it made any difference in your Conference?—A. None that I know of, except that we do not agree now with the Gulf and the South Atlantic?

Q. I find—and I will give them to you—minutes in which the North Atlantic Conference wired the South Atlantic Conference or the Gulf Conference that, of course, they intended to bow to the decision, but that for the purposes of trade if they were willing to do it, they will continue to send them daily all changes, minutes of all their meetings, and so on, and the other two Conferences say they will do the same, and that, therefore, is the practice that is followed?—A. That is right.

Q. So in spite of this confidence clause in your membership that you will disclose nothing at all to anybody not a member, you not only disclosed your rate changes immediately they were made, but you disclose your minutes and records to the Gulf Conference and the South Atlantic Conference, and they do the same with you?—A. That is right.

Q. So that the practical change made by this decision is not very great, is it?—A. Yes, it has wiped out this differential, which was the object of it, of 15 cents per hundred pounds and 5 cents per cubic foot from the Gulf over the North Atlantic rate.

Q. Has it actually been wiped out?—A. It has been wiped out.

Q. In fact?—A. I understand so.

Q. In practice?—A. I understand so.

Q. Have you seen the tariffs?—A. No; I do not bother with them.

Q. You leave that to the New York Rate Committee?—A. No; I do not think the Gulf competition affects us in that at all. I think we are getting far afield if we try to show that.

Q. There were times when you objected to their reduced rates?—A. Yes, but that had reference to traffic originating in the United States.

Q. And lumber?—A. There is no Canadian lumber moving via the Gulf. nor any possibility of it.

Q. Quite so, but it seems to me if the southern lumber men could ship cheaper than the Canadian lumber men, the latter would object, and you would have to lower your rates?—A. I do not think the Canadian lumber comes into competition with the lumber shipped via the Gulf.

Q. How about the southern pine?—A. I do not think that the southern pine is in competition with Canadian lumber.

By the Chairman:

Q. Does our high-grade spruce not come into competition with the southern pine?—A. I do not think so. We use Southern pine right here in Canada.

By Mr. Symington, K.C.:

Q. You protested several things?—A. Oil cake is a thing that is shipped from that district.

[Mr. W. T. Marlow.]

Q. I quite agree that it was only where you thought it was going to affect your rates or lower them that you bothered with before that Committee?—A. And that is so to-day.

Q. And that complied to a greater extent the farther West you went, with the South Atlantic Conference?—A. That is right.

Q. So that in any event, after this decision the North Atlantic, the South Atlantic and the Gulf Conferences exchanged their Minutes, exchanged their records and exchanged their rate changes just the same as before it was dissolved?—A. The change occurred just as before.

Q. I understood you to say to my learned friend in your examination in chief that this tripartite agreement will be renewed?—A. I think some arrangement will come about again, because I think the Shipping Board is desirous of bringing it about.

Q. And the North Atlantic Conference you said would join again, according to Exhibit 17 B, that is your opinion?—A. I think there will be an understanding come to again.

Q. So that we will be back where we were, if your understanding is correct, although there may be a change in the differential?—A. Or it will be fought out again.

Q. And in your opinion we will be back where we were before this agreement whereby the North Atlantic Conference absolutely dominated the rates?—A. No. I think that is one of the features that will be done away with.

Q. You mean the unanimous consent will not be required?—A. I mean I do not think there will be this domination, as you call it, of the North Atlantic in any future arrangement that is arrived at.

Q. They will not come under any initiative of rates?—A. I don't think it will be on that basis at all.

Q. But on whatever basis it is, the general result will be that there will be a meeting of the three Conferences for the purpose of fixing the rates on Atlantic traffic?—A. Well, I don't know necessarily about that, but I imagine that is the only way the Shipping Board can function.

Q. You imagine that is what will happen?—A. Yes.

By Sir Henry Drayton:

Q. Why do you say that that is the only way the Shipping Board can function?—A. Because they have ships of their own in all three districts, and it stands to reason as businesslike people, as the Americans are, and who are trying to make as much money out of their ships as they can, that they will not permit a man in the Gulf running a line there to cut the throat of the man in Boston running one of their own ships from there; therefore, to serve the people of the United States, they have to have some understanding that the man operating the people's ships from the Gulf will be on some sort of basis with the man operating the people's ships from Boston, otherwise you set up a dissension right in the country.

By Mr. Symington, K.C.:

Q. But how about taking a person operating the people's ships already as between ports, competing ships, and those who are operating non-competing ships?—A. You mean as to why the foreign lines, so-called, are in conference with the Shipping Board?

Q. Yes, exactly?—A. I think that follows naturally.

Q. You think it follows naturally?—A. I think that follows naturally, in this way, that the country belongs to the United States, the United States has a fleet of its own, and any shipping companies operating from ports of the United States or to ports of the United States must to some extent recognize that they have to follow in line with the United States fleet.

[Mr. W. T. Marlow.]

Q. It struck me that the situation was probably exactly the same as here; people are given ships to run, and they want to make as much money as they can, and they join a Conference, the same as the Canadian Merchant Marine joined the Conference?—A. No, I don't think so. I think what I said is true, and I think that is the right view to take upon it. I think there is a possibility of pressure being brought to bear upon foreign lines, if they do not more or less walk along with or go along with the Shipping Board.

Q. It struck me from reading the Minutes that it was the Conference people who were so delighted when they managed to effect this liaison with the Shipping Board lines?—A. That is the natural thing to do, if you take it in its proper light. We emerged from the war finding them the owners of a large fleet. We did not know what their attitude was going to be; we did not know whether they were going to try to oust other ships from the business; we were delighted to find that they were going to co-operate in a fair and reasonable way, and that reasonable rates were the right and the proper thing.

By Mr. Duff:

Q. To get the ships back into private hands?—A. Back into private hands.

By Mr. Symington, K.C.:

Q. You were at this meeting when the agreement was entered into, and this is the finding of the Board you say created it. At page 72 it says, "It is clear from the record that there was very little if any consideration given to the interests of the shipping public in negotiating this agreement." Do you agree with that?

Sir HENRY DRAYTON: This is a new subject, Mr. Chairman.

The CHAIRMAN: I suggest that we adjourn. We will meet to-morrow morning at 11 o'clock, if that is satisfactory to everybody. This Committee stands adjourned until 11 o'clock to-morrow morning.

The Committee adjourned.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 8—Wednesday, April 29, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russel McKenzie,
for the steamship companies.
Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific
Railway, Montreal (Continued).

EXHIBITS

- No. 45. Graph. Passenger Agreement in North Atlantic Trade, 1914.
Reproduced from Report of U. S. House of Representatives Committee on steamship agreements and affiliations, 1914. (Not printed).
No. 46. Graph. Freight Agreement in North Atlantic Trade, 1914.
Reproduced from Report of U. S. House of Representatives Committee on steamship agreements and affiliations, 1914. (Not printed).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 231,
WEDNESDAY, April 29, 1925.

The Committee met at 11 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens.—14.

Mr. W. T. Marlow, who was again in attendance, was further examined and retired.

The Committee adjourned at 1.05 o'clock p.m., to meet again at 4.30 o'clock p.m. this day.

The Committee resumed at 4.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

Mr. W. T. Marlow, who was again in attendance, was further examined and retired.

Discussion followed as to procedure.

The Committee adjourned at 6.10 o'clock p.m., to meet again at 3 o'clock p.m. to-morrow, Thursday, April 30, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 277,
HOUSE OF COMMONS,
WEDNESDAY, April 29, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

MORNING SESSION

The CHAIRMAN: Gentlemen, we have a quorum and will come to order. I think Mr. Symington wishes to continue the examination of Mr. Marlow. In order to have a more accurate report of the evidence, may I request the gentlemen who are examining the witnesses not to break in with a further question before the witness has answered, and may I suggest to the witness the advisability of waiting until the whole question is asked before beginning his answer. I think it will be helpful if that rule is followed.

WILLIAM THOMAS MARLOW, recalled.

By Mr. Symington, K.C.:

Q. Mr. Marlow, do you have anything to do with westbound freights?—

A. I have nothing to do with westbound freights except to get them after they are made on the other side.

Q. Well, you are the Foreign Freight Manager—A. Agent of the Canadian Pacific Railway.

Q. And the Canadian Pacific steamships do carry freight westbound?—

A. That is true.

Q. And in that way does it come under your supervision?—A. It comes under my supervision.

Q. And the Canadian Pacific Steamship Company is a member of the Westbound Conference?—A. It is.

Q. More than one?—A. We belong to the North Atlantic Westbound Conference and also to an Antwerp Conference. I presume you are speaking of freights?

Q. Freights at the moment, yes—

Sir EUGENE Fiset: The witness has referred to an Antwerp Conference. Has that any reference to the British Conference? He mentioned the British Conference yesterday.

By the Chairman:

Q. Does this Antwerp Conference have any relation to the British Conference?—A. It has no connection with the British Conference except that some members of the British lines are members of the Antwerp Conference.

By Mr. Symington, K.C.:

Q. That is, members of the U.K. North Atlantic Westbound Conference—some of them—are also members of the various Continental Conference?—A. That is so.

[Mr. W. T. Marlow.]

Q. So that the information with respect to the rates fixed or arranged for by these various Conferences are, of necessity, in the possession of each of the Conferences?—A. There are so few members in the Antwerp Conference who are members also of the North Atlantic Westbound Conference that it is not at all to be taken for granted that either Conference knows the actions of the other.

Q. In any event, taking the Antwerp as an example, the Canadian Pacific Steamships, as members of the London Westbound Conference, know what the Canadian Pacific Steamship Company, as members of the Antwerp Conference, are doing?—A. You referred to the London Conference—

Q. The U.K. Westbound?—A. That is so.

Q. The Chairman has instructed that prints be made of the schedule attached to the Alexander Report showing the various ways in which these memberships interlock.

The CHAIRMAN: Mr. Symington, may I suggest that we produce these as exhibits, and so refer to them?

Mr. SYMINGTON, K.C.: I think that is better. I want to get them in as exhibits.

The CHAIRMAN: Shall we call the Passenger Agreement in the North Atlantic Trade exhibit 45?

Mr. SYMINGTON, K.C.: Yes.

EXHIBIT 45: Passenger Agreement in North Atlantic trade.

The CHAIRMAN: And shall we call the Freight Agreement in the North Atlantic European trade Exhibit 46?

Mr. SYMINGTON, K.C.: Yes.

EXHIBIT 46: Freight Agreement in North Atlantic European trade.

The CHAIRMAN: You are now dealing with the Freight Agreement, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, Exhibit 46 at the moment.

By Mr. Symington, K.C.:

Q. From that Exhibit 46, Mr. Marlow, it would appear, would it not, that members of the North Atlantic Eastbound Conference—

Mr. MONTGOMERY, K.C.: If you will allow me to interrupt for a moment, Mr. Symington, I want to point out, when you are putting this in, that this is part of the 1914 record.

Mr. SYMINGTON, K.C.: The Alexander report will show that.

Mr. MONTGOMERY, K.C.: And it may or may not be accurate to-day. I have never checked it up, but I notice some of the lines do not tally. It is only lest it be taken as accurate as of to-day. It will illustrate the inter-Conferences, but there are undoubtedly many changes.

Mr. SYMINGTON, K.C.: I fully agree with my learned friend.

By Mr. Symington, K.C.:

Q. This Exhibit 46, you understand, Mr. Marlow, was filed before the Alexander Commission in the United States in 1913 and 1914.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: Before the war, in fact; it has been changed so, since.

Mr. SYMINGTON, K.C.: Yes.

By Mr. Symington, K.C.:

Q. But it indicates, apart from what Conferences may have changed their names,—or does it not indicate—that members of the North Atlantic U.K. Conference are members of the North Atlantic Westbound Conference and also members of Continental Westbound Conferences; I do not mean all—but some?—A. That is so, in respect to some.

Q. And would that be true to-day?—A. Well, in the sense that this chart illustrates, I do not think it is true to-day.

Q. What do you mean by “In the sense that this chart illustrates”?—A. I mean that so many of these lines and affiliations are obsolete to-day.

Q. But eliminating those; the general arrangement, apart from the names of the lines, still holds true to-day, that some of the members of the North Atlantic Eastbound Conference are members of all these Westbound Conferences?—A. I do not think that is even true—that they are members of “all” these Westbound conferences.

Q. That is, some are members of some, so that there is a representative in the Eastbound North Atlantic Conference of all the Westbound Conferences; not necessarily the same representatives, of course?—A. I doubt very much whether that is even true.

Q. You doubt whether that is true?—A. Yes.

Q. What Westbound Conference do you think is not represented in the Eastbound Conference?—A. Well, I do not know of any Hamburg Westbound Freight Conference to-day.

Q. You mean that which existed?—A. I said to-day.

Q. That conference exists?—A. I do not know that it exists.

Q. I am only asking you about those which do exist. I say, eliminating the changes in the names in the Conference—A. I can only profess to know what I know as an officer of the Canadian Pacific, and I know we are members of the United Kingdom Westbound Freight Conference, and also members of the Antwerp Westbound Freight Conference, and members of the North Atlantic Eastbound United Kingdom Freight Conference.

Q. Well now, are all the members of the North Atlantic Eastbound Conference members of the North Atlantic Westbound Conference—U.K.?—A. No.

Q. I notice a letter which I received from the Agricultural Conditions Committee, 1923, being a copy from the Canadian Government Merchant Marine to Mr. Morse, dated May 18, 1922, in which Mr. Cunningham was asking Mr. Morse to forward copies of their tariffs to their European managers, and he says: “I understand that copies of all tariffs, circulars, minutes of meetings, and so forth, in connection with the North Atlantic U.K. Freight Conference are forwarded by you to the various members of the Westbound Conference in the United Kingdom.” That would be correct?—A. I do not understand so.

Q. You do not understand so?—A. No.

Q. (Reading) “While we do not actually sit in at the Westbound meetings, the Cunard Line, as you know, represents us in the United Kingdom, apply the rules, and adhere to the rates in connection with shipments handled by their steamers westbound just as strictly as though they were Cunard boats.” Therefore, is it correct that these steamers trading into Canada westbound, owned by the members, have your tariffs in London and agree upon tariffs westbound

[Mr. W. T. Marlow.]

which are just as strict as your eastbound tariff?—A. I do not know that. I only know that I for the Canadian Pacific, send the tariffs and minutes over to our representatives.

By the Chairman:

Q. Do you think that other lines follow a different procedure than is followed by your line?—A. I am sure I cannot say what the procedure of the other lines is, but in saying that, I do know that many of the members of the Westbound Conference in Canada do not receive even the minutes or tariffs of the Westbound Conference.

By Mr. Symington, K.C.:

Q. Then some of the members of the Eastbound Conference are unable to tell their people here what the westbound rates are?—A. I understand that to be the case.

Q. That is not the case with you, at any event?—A. Not the case with us.

Q. Is there any essential difference between the method of fixing rates westbound and fixing rates eastbound?—A. I have never attended any of the westbound meetings so I cannot answer that.

Q. Have you studied the tariffs, as Foreign Freight Agent?—A. I have considered the tariffs westbound.

Q. Have considered the basis upon which they are fixed?—A. No.

Q. You, as Foreign Freight Agent, have never considered that question?—A. I have enough to do as it is on this side, without going into these details.

Q. But you are responsible for the earnings of your line?—A. Not westbound.

Q. That makes no difference to you?—A. Oh, yes, it makes a difference. I will help them all I can.

Q. Does it not make a difference to you in connection with the fixing of rates eastbound?—A. I have never considered there was any relationship between the rates eastbound and westbound.

Q. So the Committee may understand that in the fixing of the rates there is absolutely no relation between the rates eastbound and westbound?—A. That is absolutely right.

Q. And in fixing the eastbound rates, what is earned westbound by your boats does not enter into it at all?—A. It does not enter into it in respect to the fixing of the rates, but our general results westbound have a decided effect on what we do eastbound.

Q. What we are interested in, of course, is the rates eastbound, and if that is a fact, I think the Committee should know that in your fixation of rates eastbound, your earnings westbound are not considered whatsoever?—A. I did not say that. I said the rates westbound were not considered.

Q. Then the rates westbound—A. You said "the earnings" last.

Q. Let us come to that. We have got it down that the rates westbound are not considered in fixing the eastbound rates?—A. That is right.

The CHAIRMAN: Does the witness say that the rates westbound are not considered at all in fixing the rates eastbound?

Mr. SYMINGTON, K.C.: Yes.

By Mr. Symington, K.C.:

Q. Let us reverse that. Are the rates eastbound considered in fixing the rates westbound?—A. No, sir.

[Mr. W. T. Marlow.]

Hon. Mr. STEVENS: Mr. Symington, before we leave that, I think we ought to clear that up, because to me it is of the greatest importance. If this witness leaves this where it is now, I would consider it a most preposterous position.

Mr. SYMINGTON, K.C.: I agree with you.

Hon. Mr. STEVENS: I do not want to interfere with your method of cross-examination——

Mr. SYMINGTON, K.C.: Go ahead; it is the information, which we are after.

Hon. Mr. STEVENS: I would suggest that we make that point abundantly clear because it will affect the conclusions at which I will arrive. This witness is evidently discriminating between the words "Earnings" and "Fixing of rates".

Mr. SYMINGTON, K.C.: I am coming to the earnings in a moment. What I was getting at was the basis—whether there was any relationship in the basis of rates. You say you consider the earnings?

The CHAIRMAN: Get him to repeat himself, Mr. Symington, because I would like to have it perfectly clear. The note of it I have made is that the Westbound rates are not considered in fixing rates Eastbound, and that the Eastbound rates are not considered in fixing rates Westbound.

Mr. SYMINGTON, K.C.: He says that also.

The CHAIRMAN: That is what he says, that the Westbound rates are not considered in fixing rates Eastbound, and vice versa. Now we go to the earnings.

By Mr. Symington, K.C.:

Q. I understood you to say that the earnings Westbound were considered in fixing the rates Eastbound?—A. That is right.

Q. Do the New York Conference, then, in fixing the rates Eastbound consider the earnings of your and other lines Westbound?—A. I think they do.

Q. How do they do it?—A. They know that the traffic Westbound is very much smaller than the traffic Eastbound, and for that reason they have to make a balance to take care of the voyage expense, or try to make a profit over it.

Q. If they do not know the rates but they do know what the quantity is, how can they fix, or how can they affect the fixing of the rates Eastbound, when they do not know the rates Westbound?—A. I would like you to repeat that, Mr. Symington.

Q. You say the Conference knows that there is a smaller quantity going Westbound but they do not know the rates at which those commodities travel; how can that affect the fixing of the rates Eastbound?—A. When I say they do not know the rates, I think that is so.

Q. At any rate, they do not take them into consideration?—A. That is better; they do not take them into consideration in making the Eastbound rates.

Mr. DUFF: The Westbound rates are so much velvet.

By Mr. Symington, K.C.:

Q. Is that the situation which Mr. Duff has just stated, that the Westbound rates are so much velvet?—A. On some of the lines I presume they are, more than on other lines.

By the Chairman:

Q. More velvet?—A. No. Many of the cargo lines and our cargo ships come out in ballast, at times.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. Well, what I was getting at, if we can do so, Mr. Marlow, is, what consideration is given by the New York Conference in fixing Eastbound rates to the Westbound quantity and rates?—A. I do not think any consideration, beyond the general results Westbound.

Q. Well, how do they get the general results; do you show them?—A. They know them; they have the manifests.

Q. So that they get your manifests?—A. No; the traffic is fairly divided between the lines. What I mean is that it is natural to suppose that one passenger line gets a fair share with another passenger line, and that one cargo line gets a fair share with another cargo line of whatever is in the market.

Q. What do they do, then, with that knowledge?—A. I do not understand the question, Mr. Symington.

Q. What use is that knowledge to them, what use do they make of it?—A. It is in use in their minds when making rates.

Q. Is it simply this, "We know the Westbound cargo is light, we do not know the rates, and therefore we must make the Eastbound rates high." Is that about it?—A. No, that is not the idea.

Q. So the fact that the Westbound rates are down is not a factor in making the Eastbound rate high?—A. The Westbound rate is not a factor.

Sir HENRY DRAYTON: I am afraid we are getting at cross purposes, Mr. Symington, and are getting crooked answers. I appreciate this that so far as the rates are concerned, the fixing of the Eastern rate is not related to the fixing of the Westbound rate. The witness says that the Westbound movement may have an influence on the Eastbound movement. I can appreciate that, but I think Mr. Marlow has not gone quite far enough.

By Sir Henry Drayton:

Q. In connection with that situation, Mr. Marlow, you would be I think certainly influenced by this consideration, that is, whether or not the line is making a return on the business on the route, that you ought to be interested in the Westbound movement to the extent that that Westbound movement is contributing to the general expense, and that the movement that Westbound movement plus the present Eastbound movement achieves a result which carries and gives a fair and reasonable profit, there is from that moment a reflection of that consideration in the making of the Eastbound rate. Do you follow me, Mr. Marlow?—A. I think that is well expressed, Sir Henry.

Q. Well, is that correct?—A. That is correct; I subscribe to that.

Mr. SYMINGTON, K.C.: It has nothing to do, we take it, with an individual rate, but generally they view the situation.

Sir HENRY DRAYTON: It would be absolutely unfair if the general result was not considered.

Mr. SYMINGTON, K.C.: I think so, Sir Henry.

By Mr. Symington, K.C.:

Q. Take the general result, Mr. Marlow, would it be reflected in the Westbound rate or the Eastbound rate?—A. I think in both.

Q. In giving that reflection, do you know whether by comparison—

Sir HENRY DRAYTON: Stopping there a moment, Mr. Symington, I would say that owing to the fact that the Eastbound tariff is on a higher basis, relief ought to be given to the Eastern movement.

Mr. SYMINGTON: That is exactly the question I was going to ask at this moment, when you intercepted me in my question.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Mr. Marlow, you say the relief would be given to both, with the improved conditions?—A. I believe so.

Q. Have you considered whether the one is on a higher basis than the other?—A. It is very hard to understand how you can say that the one is on a higher basis than the other. Commodities moving Westbound are not by any means the commodities moving Eastbound.

Q. They are similar in cubic space, are they not?—A. In that respect they are similar.

Q. Do you attempt to achieve a cubic space return?—A. In a general way, we do.

Q. Do you know the cubic space return you endeavour to secure Eastbound?—A. We do.

Q. What is it?—A. You mean a definite figure?

Q. Yes.—A. No, I don't know that.

Q. Well, how can you hope to achieve it if you do not know it?—A. We hope to achieve it, in the general result.

Q. Do you know the cubic space Westbound you aim at, the price?—A. The space Westbound is never at a premium, never or seldom. Generally ships have so much vacant space that space is not a great factor.

Q. So that coming Westbound, may I interpret your evidence correctly that you have no figure you hope to achieve, or set out to achieve in the matter of space Westbound, per cubic foot?—A. As I said in the first place, I have nothing to do with the fixing of rates Westbound.

Q. So you do not know?—A. I do not.

Q. Very good. Then you cannot, I take it, give the Committee any comparison at all as between Eastbound and Westbound rates?—A. I am not in a position to do so.

Q. Can you say how the rates to the Continent, compare with the rates of the United Kingdom Conference?—A. The rates to the Continent in some cases are lower and in some cases higher.

Q. Have you made a summary of it at all?—A. No, I don't think I have. I am afraid I have not got that with me, Mr. Symington.

Q. I beg your pardon?—A. I may have, if you will wait one moment. I am afraid I cannot put my hand on it at the moment.

Q. Can you state generally whether they are higher or lower?—A. Generally they are higher to the United Kingdom.

Q. They are generally higher to the U.K., while the Continent is farther away, is it not?—A. It is a longer voyage.

Q. What are the reasons why the rates to the U.K. are higher than on the longer voyage to the Continent?—A. Well, I have found this comparison. Can I quote it?

Q. Yes. Give the Committee anything you have.—A. These are commodities on which the rates are higher to Hamburg than to the U.K.; automobiles 27½ cents to Hamburg, 25 cents per cubic foot to the U.K. Cereals in cases, to Hamburg 45 cents per 100 pounds, to the U.K. 40 cents. Cheese, 75 cents to Hamburg, 70 cents to the U.K. Clothespins, 55 cents to Hamburg, 50 cents to the U.K. Eggs 37½ cents per cubic foot to Hamburg, 35 cents to the U.K. Handles, straight, 45 cents per 100 pounds to Hamburg, 40 cents to the U.K. Leather, sole, \$1.10 per 100 pounds to Hamburg, 85 cents per 100 pounds to the U.K. Lumber, heavy, from United States ports, 40 cents to Hamburg, 35 cents to the U.K. Lumber, light, 50 cents per 100 pounds to Hamburg, 45 cents per 100 pounds to the U.K.

By the Chairman:

Q. That is, from United States ports?—A. From all ports.

[Mr. W. T. Marlow.]

Q. I thought you mentioned lumber?—A. I mentioned lumber particularly, because we do not carry any lumber from Canada to Hamburg.

Q. They do from the United States.—A. Newsprint, 55 cents per 100 pounds to Hamburg, 45 cents to the U.K. Wrapping paper, 45 cents to Hamburg, 40 cents per 100 pounds to the U.K. In refrigerator space, apples in boxes, 60 cents per box to Hamburg, 50 cents per box to the U.K. Sugar, refined, 27½ cents per 100 pounds to Hamburg, 25 cents per 100 pounds to the United Kingdom. Rubber tires, 37½ cents per cubic foot to Hamburg, 25 cents per cubic foot to the U.K.

I would not say that these are all the commodities. They are some examples I picked out in checking up the other day when the question was raised, I think in examining Mr. Cleminson.

By Mr. Symington, K.C.:

Q. Did you pick out any where the rates were lower in the Conference than to the United Kingdom?—A. I can admit that there are many lower.

Q. Practically all except what you have given the other way?—A. Generally speaking the rates rule lower to the Continent than to the U.K.

Q. Why? Just there, when you have given us these Hamburg comparisons, are the rates to Hamburg and Antwerp the same?—A. No, they are about 2½ cents lower to Antwerp.

Q. So that that comparison you have given us, if we were making it to Antwerp, it would be 2½ cents off the Hamburg rate?—A. Generally speaking.

Q. I was assuming that the continental tariffs had been filed. I do not know that they have been. We might want to make an examination of them. Have you those?—A. I think we have, and we can file them.

Q. Will you kindly file them as soon as you can?—A. I will.

Q. Why should the continental rates be lower than to the U.K.?—A. The difference in rates to the U.K. as against continental ports involves several factors. The continental Conference was only formed in 1921.

Q. That is, the continental Conference Eastbound?—A. Eastbound, and has never reached a full and complete understanding. It was difficult to get the lines together, on account of the many interests and nationalities concerned, namely, German, Dutch, French, American, British and Canadian. There was a period after the Conference was formed and shortly afterwards when it was impossible to arrive at a common viewpoint.

By the Chairman:

Q. May I interject a question; a common viewpoint between the U.K. Conference?—A. Between the various interests in the Continental Eastbound U.K. Conference, and a large number of commodities were without fixed rates through internal dissensions in the Conference, namely, jealousies between the German and the Dutch lines, and the times such as we had I think in 1922, when there was a general demoralization in the rate situation, when I would estimate that probably two-thirds of the rates were thrown open. The low basis of rates to the Continent Eastbound has already caused some of the lines to withdraw from that trade. From Canadian ports the Rogers & Webb Line and the Head Line have withdrawn, and I read in the newspapers, I think it was yesterday, that the Inter-Continental Transports or that part of their services owned by the Canadian Steamship Lines have decided to withdraw. That is undoubtedly due to the heavy losses sustained in operating in that trade.

By Mr. Symington, K.C.:

Q. I take it then, summarising that, that the rates to the continent are not always the rates to the United Kingdom, because the Conference itself

[Mr. W. T. Marlow.]

is not as closely welded or as efficient as the United Kingdom North Atlantic Conference?—A. That is one of the reasons.

Q. The only one that I gathered from your statement?—A. I am not certain that if the Conference was well welded, that the rates would be effective, on account of the jealousy still existing between the German and Dutch line.

Q. You filed Exhibit 6, for the North Atlantic Continental Freight Conference agreement, or rules and regulations?—A. Yes.

Q. And the Canadian Pacific steamships are a member?—A. We are.

Q. And in that Conference agreement, which provides for everybody abiding by and fulfilling every obligation laid down in the rules, the Conference is still in existence?—A. It is still in existence.

Q. Then it goes on and provides for a differential of ten per cent between the Dutch-Belgian ports, and Hamburg-Bremen ports?—A. Yes, that is true, but that is not always observed.

Q. And Hamburg and Bremen were to be ten per cent under Antwerp and Rotterdam?—A. Say that again.

Q. Hamburg and Bremen, ten per cent under Antwerp and Rotterdam?—A. Just exactly the other way about.

Q. Well, let us read it. Tariff regulation 2. "The rates to German ports shall in principle be ten per cent over the rates to the Belgian and Dutch ports." That seems to be right. And then in rule 3, which provides for dealing with rate disturbances by non-Conference lines. "Nothing in the above shall affect the right of the Dutch-Belgian group to maintain their rates at ten per cent under the Hamburg Bremen rates, or the right of the German group to fix their rates"—Yes, you are right—"at ten per cent above the Rotterdam-Antwerp basis, it being understood that the ten per cent difference shall be automatically applied unless by unanimous consent among themselves the groups shall decide to maintain a higher rate basis to their respective ports."

Now this Conference agreement also provides for an initiative list in the Gulf and South Atlantic ports?—A. The same arrangement as applies in the United Kingdom. As regards the Gulf and South Atlantic.

Q. As applies with the neutral list and so on. Unanimous consent to any change being required. Then it provides,—A. Except in respect to the initiatives. As I explained yesterday, in my examination on the United Kingdom rates, when you referred to the tripartite agreement, the North Atlantic initiated rates on certain commodities and those, after the date of effectiveness was decided upon, became the rates.

Q. Unless a protest was entered in the meantime?—A. Not if it was the North Atlantic initiative.

Q. Now I notice in this agreement also—to which I understand you are a party?

The CHAIRMAN: Forgive me, Mr. Symington. I did not get that. Would you ask that question again, and get the witness to give it over again.

By Mr. Symington, K.C.:

Q. That in this Conference, with open rates, as I understand the witness to say, upon which the North Atlantic have what is called the initiative, those become rates despite the protest of the other two Conferences?—A. I don't know anything about "despite the protests", because the arrangement having been made that the North Atlantic may initiate rates on certain commodities, those are the rates.

Sir EUGENE Fiset: On four commodities only. Named by the witness yesterday.

[Mr. W. T. Marlow,]

By Hon. Mr. Stevens:

Q. Name them again, Mr. Marlow. Then they will have it clear.—A. Mr. Stevens, the General is confusing I think, another question with Mr. Symington's question, and it is very difficult for me to answer the General.

Mr. SYMINGTON, K.C.: I am speaking of the North Atlantic initiative with respect to that. The other is the Canadian initiative within the North Atlantic Conference.

The CHAIRMAN: I had not quite seized it. What initiative, Mr. Symington, are you asking about now?

Mr. SYMINGTON, K.C.: Under the Continental Conference Agreement, apart from any other agreements that exist, it is provided that the Gulf and South Atlantic Conference have initiative on certain rates. There is what is called a neutral list and I understand Mr. Marlow to say, although it is not in here that I can find, that the North Atlantic have an initiative list with respect to traffic to the Continent.

By Mr. Symington, K.C.:

Q. Now it is also provided in here—and I ask you to note this, because you are a party to this—the Benson list, that is flour and so on.—A. Those were the commodities allied to flour, which were mentioned by Admiral Benson when five cent differential over grain on flour was made by the United States Government.

Q. "The following articles included in the Benson list, take five cents per hundred pounds over the heavy grain rate, except flour of Canadian origin, on which the rate is fixed in Canadian currency by Canadian Liner Committees from time to time at not lower than the prevailing rates from United States ports."—A. The reason for that was that we did not subscribe to the principle of five cents over the grain rate as being a reasonably fair rate.

Q. That is the Canadian liners did not?—A. The Canadian Liner Committee. Or the Canadian Lines did not.

Q. The Canadian lines did not?—A. Neither did the North Atlantic Conference as a whole.

Q. They are not excluded are they? The point I am getting at is that on this Continental Conference the North Atlantic Lines, except the Canadian Liners, had bound themselves under this agreement to carry flour at a five cent differential over the heavy grain rate. The Canadian Liners have not but can fix the rate at anything they like provided it is not lower than the rate from the United States ports. That is the situation, is it not?—A. That was the situation then.

By Hon. Mr. Stevens:

Q. Is it now?—A. No, it is not.

By Mr. Symington, K.C.:

Q. Has this agreement, Exhibit 6, been changed?—A. The agreement has not been changed, but the practice in respect to the rates flour versus grain has entirely changed.

Q. So that what you say is that although it still is in the agreement, in fact they do not carry it out?—A. That is it.

By the Chairman:

Q. Although it is the law, it is not the practice?—A. Yes. These agreements are not like the laws of the Medes and Persians, Mr. Chairman; they can be changed.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. By unanimous consent?—A. At any time.

Mr. SHAW: That would be like the law of the Medes and Persians.

Mr. SYMINGTON, K.C.: Exactly. I think it is very much like it.

The WITNESS: Any one line can change them by giving notice.

Mr. SHAW: May I ask you, Mr. Symington, with regard to this agreement, that in any place where it conflicts with the Conference agreement, the North Atlantic and South Atlantic—I mean, are they all consistent with one another?

Mr. SYMINGTON, K.C.: I find no conflict. The evidence, as I understood it, or the statement my friend made—Mr. Montgomery will correct me if I am wrong—was that they could not find any North Atlantic Conference agreement but this generally was the effect of the U.K. as well as the Continental Conference, that is contained in Exhibit 6.

Mr. MONTGOMERY, K.C.: No, that is not correct. What I said was that there had never been a North Atlantic U.K. Freight agreement, that anyone knows of at least. That when they were required to file all agreements at Washington, not being able to find that there ever was such an agreement, they filed a statement to the effect that the several lines mentioned were in agreement; a copy of the actual statement was filed as an Exhibit. It was a declaration. But I made no statement that they corresponded with that or had anything to do with it, nor do I say the contrary. It was simply because there is not anything to compare it with, there is no written agreement, but there was as stated in that declaration an agreement as to rates by the lines whose names were given.

By Mr. Symington, K.C.:

Q. Perhaps Mr. Marlow can tell us. Does this Exhibit 6, generally speaking, set forth the principle of the operation of the North Atlantic U.K. Conference as well as the Continental Conference?—A. No it does not.

Q. Wherein does it differ?—A. Oh in many respects. There is no division of territory. For instance, where there are two groups of rates. And there are many exact rules in that agreement, which it has never been found necessary to embody in any written agreement in the United Kingdom Conference.

Q. According to the statement there has been none embodied in a written agreement.—A. There has not been.

Q. But in the matter of procedure?—A. I don't think procedure is covered by that agreement at all.

Q. Well, let us go on and see that. Rule Number 3. "Rate disturbance by non-Conference Lines. In the emergency of a disturbance of rates by non-Conference lines, which, in the opinion of the Conference, requires particular attention from the lines in whose trade the disturbance occurs, the Conference for rate making purposes shall be divided into two groups, one comprising the line to Hamburg and Bremen, the other the lines to Rotterdam, Amsterdam, and Antwerp. These groups shall appoint separate Rate Committees for their respective trades who shall submit their recommendations on rate variation to the Conference, it being understood that each group shall have power to fix such rates as may be necessary in their respective trade."—A. There is no such grouping in the United Kingdom Conference.

Q. "In voting on such emergency rates each owning interest shall have one vote."—A. That is true.

Q. That is what the rule says with respect to meeting rate disturbance by non-Conference lines.—A. That is right, in that respect.

[Mr. W. T. Marlow.]

By Hon. Mr. Stevens:

Q. There is a contradiction in your answers, Mr. Marlow, there. In the first answer he said there was no similarity whatever with this rate disturbing grouping, and then in the next answer he says it is true they have one vote. I do not understand the two answers at all.

Mr. SYMINGTON, K.C.: I do not see any contradiction.

The WITNESS: Well, I said that in the North Atlantic United Kingdom Conference we have no grouping of lines such as is mentioned in that rule.

By Mr. Symington, K.C.:

Q. Quite so. But what I am getting at is: in this agreement, true, there are two lines or two groups who meet the competition in their respective group and report it and it is voted upon as an emergency rate, in the North Atlantic United Kingdom there is one group, but they do exactly the same thing?—A. That is right.

Q. Then in Exhibit 6, Rule 8-F. "Method of meeting outside local competition on neutral commodities." Taken from the Atlantic meeting to which you have referred. "Whereas the present method of authorizing emergency rates to meet destructive competition is not satisfactory and in practice results in the useless sacrifice of revenue; and whereas in order to maintain confidence and observe uniformity of action it is necessary to allow each Conference greater discretion in the matter of meeting such destructive competition;

"Be it resolved that by unanimous vote of all members of any district Conference, such reductions in rates on neutral commodities as per list attached may be made as in the judgment of the Conferences are necessary to meet such competition, without securing the concurrence of the other district Conference.

"And be it further resolved that when any Conference authorizes such reduction, the Secretary shall at once telegraph other interested Conferences of its action, with fullest information as to what competition necessitated the reduction, including the name of the steamer, flag, position, and name of agent.

"And be it further resolved that no Conference shall take advantage of the authority hereby granted unless an emergency makes it inadvisable to undertake to reduce the rates through the regular procedure of submitting proposals to the other District Conferences for concurrence" and so on. That is the method adopted of meeting outside competition, whereby the various Conferences are notified of the emergency rate necessary, with the name of the steamer, flag, position and so on of the line, that made the emergency rate necessary.

Mr. MONTGOMERY, K.C.: You are speaking of the Continental agreement now?

Mr. SYMINGTON, K.C.: Yes, the Continental agreement.

The WITNESS: That rule has been considerably modified since by practice. We do not notify the other districts now, so far as I know.

By Mr. Symington, K.C.:

Q. You say in practice you do not now, so far as you know, notify the other districts. Do you know whether Mr. Morse does?—A. I do not think he has to now.

Q. You do not think he has to. If it has been changed, you have not anything in writing showing the change?—A. No. I have nothing in writing showing the change.

Mr. SYMINGTON, K.C.: Now then again, further along in the same resolution it says:—

"That the authority granted by these resolutions shall not be delegated to any Committee, sub-committee, or sub-conference, and can only

[Mr. W. T. Marlow.]

be exercised by the unanimous vote of all the members of the District Conference representing lines engaged in the trade where the competition actually exists; and

"Resolved; that any rates made under the authority hereby granted, will be for a period not exceeding ten days, and limited to the known position of the competitive steamer only, and at the expiration of the ten-day period, the rates will be automatically restored. Should competition be disposed of before the expiration of ten days, other Conferences will be so informed immediately, and tariff rates will become effective."

By Mr. Symington, K.C.:

Q. That was the rule adopted?—A. That was the rule adopted, but the last part of it is now obsolete—notifying other districts.

Q. Later on it was changed to five days, instead of ten?—A. I think it was, yes.

Q. And that is the method, subject to whatever changes existed, that has been adopted by the Conference under this agreement, for the purpose of meeting the competition of any non-Conference line?

Mr. MONTGOMERY, K.C.: You are only speaking of the Continental Agreements?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: That is so.

By Mr. Symington, K.C.:

Q. Is there any essential difference in meeting the competition in the North Atlantic U.K.?—A. Not in respect to these emergency rates.

Q. And this same Agreement, Exhibit No. 6, provides for a differential between the North Atlantic, the South Atlantic and Gulf Ports?—A. Yes, respecting what was agreed to at the Atlanta Conference.

By Mr. Montgomery, K.C.:

Q. That is the Conference to which you were summoned by the Shipping Board?—A. The Atlanta Joint Conference—the North Atlantic, the South Atlantic and the Gulf.

By Mr. Symington, K.C.:

Q. And Exhibit 16F, Mr. Marlow, being the minutes of the Continental Conference, 1921 to 1924, of which the last meeting filed was December 18, 1924, will reflect whatever changes have been made from time to time in this agreement?—A. That is so.

The CHAIRMAN: I will ask the reporter to read that last question and answer again.

(Whereupon, by direction of the Chairman, the last preceding question and answer were read.)

The CHAIRMAN: "In this agreement". That is Exhibit No. 6?

Mr. SYMINGTON, K.C.: Yes, Exhibit No. 6.

Sir EUGENE Fiset: Will you ask the witness if the Atlanta Conference embodies—

Mr. FLINTOFT: He is referring to the meeting at Atlanta, Georgia.

Mr. SYMINGTON, K.C.: I can clear that up.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. At the Atlanta meeting there were representatives of the Gulf, the South Atlantic and the North Atlantic Conferences?—A. That is correct.

Q. Which are all the Conferences Eastbound on the Atlantic——

The CHAIRMAN: On the Atlantic side of North America.

The WITNESS: No, I do not think it numbers any Scandinavian or Baltic Conferences, but it did in what is known as the United Kingdom and the Continental Trades.

By the Chairman:

Q. And are those the trades in which Canada is particularly interested?—
A. Those are the trades in which Canada is particularly interested.

By Mr. Symington, K.C.:

Q. Now, can you tell us how the rates from the Continent to Canada compare with the rates from the United Kingdom to Canada?—A. Generally speaking, the rates from the Continent are much lower.

Q. Than the rates from the United Kingdom?—A. Yes.

Q. Why is that?—A. Because of the dissension amongst the lines, which I have already explained, and in my own opinion—and I think Mr. Cleminson indicated it in his evidence—an attempt on the part of the German lines to try to oust other than their own tonnage.

Q. That is, there is a Continental Westbound Conference as well—a Continental Atlantic Westbound Conference?—A. No, not in the sense of which you speak, I think. We have no agreed rates with anyone from Hamburg, for instance, because of the dissension amongst the lines.

Q. You are a member of the Conference, you told us—A. From Antwerp, which covers only Belgian traffic.

Q. You are not a member of any other Conference westbound?—A. No, we are not a member of any other Continental Conference westbound.

Q. Continental, yes; quite so?—A. Yes.

Q. Do you know if any other member of the North Atlantic Eastbound Conference is a member of any Continental Westbound, excepting the Antwerp Conference?—A. Oh, yes.

Q. There are other Conferences besides the Antwerp?—A. In the Continental Eastbound Conference, for example, the United American Line—which is practically the Hamburg-American Line—are members of the Eastbound Continental Freight Conference.

Q. Then there is a Hamburg Westbound Conference?—A. Well, I do not know about that. There is so much quarreling between the lines that I am not certain in my own mind whether there is such a Conference to-day at all. If there is, I believe it would be purely German.

Q. Then we can take the correct answer for the Committee to be that, in your opinion, rates from the Continent to Canada and this side of the Atlantic, are lower than rates from the United Kingdom because other Conferences do not exist over there, or they are much less loosely knit?—A. No, I would rather say because it is a deliberate attempt on the part of the German mind to try to oust British tonnage. That is my opinion.

Mr. DUFF: That is a very good answer.

By Mr. Symington, K.C.:

Q. Would that apply to all Continental ports or just to Germany?—A. The Committee must understand the situation. A great part of the traffic originating on the Continent of Europe emanates from German and Austrian sources, and the outlets are Hamburg, Bremen, Rotterdam and Antwerp, and there is

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no question in my mind but that the German lines would like to get a control of that traffic. I will go further and say that probably as they did before the war, with state subsidy in some form or other, they might bring about a general demoralization in the rates westbound in the hope that when they survived with their tonnage, their rates would go back to perhaps an exorbitant figure.

Q. We have heard about "demoralization of rates", and I was going to ask you if we could get an instance of demoralization of rates from the rates which now exist from the Continent to Canada?—A. I do not know, Mr. Symington, where you would find a list of rates now existing from the Continent to Canada, because they are changed from time to time and from day to day. If the German lines see a big parcel of traffic, they will make any rate they please on it.

Q. You were going to file with us your traffic from Antwerp.—A. From Antwerp, which covers only traffic of Belgian origin.

Q. Can you not take traffic of any other origin than Belgium at Antwerp?—A. Yes, but we could not get this rate on it.

Q. The traffic will go through German ports because of the rates?—A. Yes.

Q. So your traffic is confined to traffic—A. Which is practically all of Belgian origin. There are other incidental reasons at the present time, such as, for instance, the occupation of territory by the Allies which prevents the free movement through Antwerp to and from the interior of Germany.

Q. The reason I am asking you about this demoralization is because I see in the reply that while it is admitted that these rates are lower, they are referred to as rates which arise by reason of a rate war?—A. I suppose it could be described as a "rate war"—I mean the present state of affairs.

Q. What immediately struck me was this—and as that is what is threatened in our own trade—perhaps we can get some idea of what the rate war was over those rates?—A. A rate war, as we understand it, is when every line in the trade scrambles for its share, and in the effort reduces rate to, in many cases—

The CHAIRMAN: An uneconomic basis?

The WITNESS: Yes, an uneconomic basis.

By Mr. Symington, K.C.:

Q. Is that the situation in the Continental traffic in North America to-day?—A. It is pretty well the situation in the north—

Q. So we get a reasonable reflection—A. You did not get my reply. That is pretty well the situation in the Westbound Continental trade to-day.

Q. So we get a reasonable reflection of what is meant by "rate war" and "rate demoralization" from conditions in that trade to-day?—A. That is so.

Q. Do you know whether, as a matter of fact, goods can be shipped to-day from Britain via Antwerp to America, than they can direct?—A. That is possibly so on some commodities.

Q. And, vice versa, goods can be shipped to Great Britain via the Continent cheaper than they can be shipped direct—that is, some commodities?—A. That is possibly so.

The CHAIRMAN: May I interject a question here, which occurs to me?

Mr. SYMINGTON, K.C.: Certainly.

By the Chairman:

Q. Mr. Marlow, you state that as far as traffic coming from the Continental ports to Canada is concerned, the ships are operating under conditions which are practically those of a rate war, while from the U.K. ports west to Canada, they are operating under rate conditions stabilized by the Conference.

[Mr. W. T. Marlow.]

Has your line withdrawn, in the last two or three years, any ships from the Continental trade, and if so, how many?—A. I cannot say how many, but we have cancelled sailings from time to time.

Q. That is not my question. Have you withdrawn ships from the Continental routes due to this rate war, and if so, how many ships have you withdrawn?—A. I do not think there is much difference between my answer and your question, sir. When I say "sailings" I mean at times the traffic has become so poor, with the low rate, that it was not profitable to sail, the ship, as we had scheduled her, and, therefore, it is equivalent to the withdrawal of the ship.

Q. But are the ships withdrawn from the route altogether? That is what I am trying to get at, Mr. Marlow?—A. Our ships are not peculiar to any route. We may sail one from Hamburg on one occasion, and the same ship on another occasion from London, so we cannot identify it by ships.

Q. Let me put it this way: Are you to-day operating a smaller number of your ships from Continental ports than you did, say, two years ago?—A. I would say "Yes," offhand, without checking it up.

Q. How many?—A. I do not know.

Q. Then the diminution in the number of ships could not have been very considerable or you would have made a note of it, would you not?—A. That is not in my mind, Mr. Chairman. What we are trying to do is to adapt our sailings as far as possible in a trade to that trade's requirements.

Q. You try to do that in all trades? You try to adapt the number of sailings of your ships to the requirements of your ships in all trades, do you not?—A. Only in a lesser measure in the United Kingdom trades for the reason that we enjoy a passenger traffic, and you have to have a definite schedule of sailings, sir.

Q. No doubt that is true, irrespective of whether there were Conference conditions or conditions where no Conference existed?—A. That is true.

By Mr. Symington, K.C.:

Q. Mr. Marlow, in connection with your withdrawing ships or sailings: other sailings have come into that market, particularly the Germans?—A. Are you speaking broadly now of the North Atlantic trade?

Q. Broadly of the Continental trade, where this rate war is?—A. I would say that last year there was a very heavy falling-off in the westbound German trade, both to Canada and the United States.

Q. You mean in the sailings?—A. In the traffic moving.

Q. I am speaking of the sailings?—A. Naturally there would be fewer sailings if there were less traffic to carry.

Q. Not always, apparently?—A. Not always, no, but with cargo steamers generally.

Q. Can we take it that sailings from the Continent have fallen off considerably?—A. They have decidedly fallen off to Canada. I mentioned to you three lines who have gone out of business.

Q. You mean withdrawn their boats from different lines?—A. Withdrawn their boats from the service.

Q. And no others came in?—A. Not that I know of. There are only two lines, of which I know, operating from the St. Lawrence to the Continent, and those are the Canadian Government Merchant Marine and ours.

Q. And you did not get full cargoes?—A. We did not get full cargoes.

Q. That, perhaps, has something to do with the withdrawals—is that so?—A. I do not think so. There are various causes.

Q. I presume that lack of cargo would be a main one?—A. That is the main one, and unprofitableness of the cargo carried.

[Mr. W. T. Marlow.]

Q. Does the passenger business come under your purview?—A. I have nothing whatever to do with it.

Q. You have nothing whatever to do with this Passenger Agreement (indicating exhibit 45)?—A. I have never even seen one until this Committee was opened.

Q. So you cannot tell the Committee anything about this Passenger Agreement?—A. I am sorry I cannot tell you anything about it.

Mr. SYMINGTON, K.C.: Will there be anybody here to tell us about that?

Mr. MONTGOMERY, K.C.: I have not enquired. Mr. Flintoft can probably tell you that.

Mr. CHAIRMAN: Mr. Flintoft can tell us the name of the gentleman who knows best about the Passenger Agreement.

Mr. SYMINGTON, K.C.: I was simply going to point out that they fix the rates of various classes of ships, and particularly in respect to the third-class or steerage end of it. However, if Mr. Marlow does not know about that, we will have to let it go.

By Mr. Symington, K.C.:

Q. Now, Mr. Marlow, asbestos is peculiarly a Canadian trade, is it not?—A. Yes.

Q. I have a complaint written to me by a gentleman here saying that the rate on asbestos per ton from Antwerp to New York is \$3, and from Montreal to Liverpool is \$16. Is that correct?—A. Antwerp to New York.

Q. Yes, \$3?—A. I have never heard of a movement of asbestos from Antwerp to New York. It must be a returned shipment.

Q. You think it would be a returned shipment?—A. The only asbestos mines I know of in the world are in South Africa and Canada.

By the Chairman:

Q. And Russia?—A. Yes.

Sir HENRY DRAYTON: Rhodesia is the real producer to-day, outside of Canada.

By Mr. Smyington, K.C.:

Q. Will you look this up, because I am asked to inquire about it?—A. The reason I said it must be a returned shipment, Mr. Symington, is that we very often, to oblige a shipper, bring back some goods at a special rate if there was something wrong with the sale, or he was in hard luck and could not market the goods sent over, but it would be unfair to compare such special rate with a normal one.

Q. I quite agree with you. I am only asking for the information, because I was asked to ask for it.—A. I will look it up.

Mr. RINFRET: Was it New York to Antwerp?

The CHAIRMAN: I was wondering if it might not be New York to Antwerp. It might go down in bond and out from New York.

Sir HENRY DRAYTON: It could not do that.

Hon. Mr. STEVENS: It demonstrates the desirability of knowing what we are talking about. We should know what this shipment was.

By Sir Henry Drayton:

Q. I think, Mr. Marlow, there is one explanation you have not given and that is, that this might be a lot of Rhodesian asbestos shipped to the Continent and then to the States?—A. There might be something in that, Sir Henry.

[Mr. W. T. Marlow.]

By Mr. Smyington, K.C.:

Q. In any event, you have the tariff from Antwerp yourselves?—A. We have.

Q. Would you kindly look up and let me know, the rate on asbestos from Montreal to Liverpool, from Antwerp to New York, and from New York to Antwerp?—A. I will.

Q. Then will you look this up: perfumery, the rate to Montreal from London is 105 shillings for 40 cubic feet; from Havre 45 shillings for 40 cubic feet; from Hamburg \$1 per 100 pounds. Toilet preparations, 65 shillings for 40 cubic feet from London, 45 shillings from Havre, and 75 cents per 100 pounds from Hamburg.

Q. Mr. Marlow, your line does not—or does it—handle tea?—A. Where from.

The CHAIRMAN: Ceylon.

By Mr. Smyington, K.C.:

Q. From Colombo?—A. We do not handle any shipments from Colombo, as a matter of fact, on the Atlantic, that I am aware of, through from Colombo.

Q. It would be via the Pacific?—A. That would be the natural route.

Q. Would you have a rate from Colombo?—A. On tea?

Q. Yes?—A. \$12 a ton, I think, by all Pacific ports.

Q. You would not have the Atlantic ports, would you?—A. When you get into these questions such as the rates on tea from Colombo, there is transshipment of cargo every now and again from the Far East via London or Liverpool, as the case may be; it is transhipped and carried transatlantic. I do not know of any recent shipments we have had, but it is possible some lines may have had shipments of that kind, nor do I think there is any fixed rate on such traffic.

Q. The Ellerman Line runs a service there, do they not?—A. They run a service to Boston, and I think occasionally call their steamers at Halifax.

Q. That is exactly the point. Would that rate be fixed in a conference?—A. Not in any conference of which we are a member.

Q. You would not know anything about that?—A. I would not know anything about that. Do you wish me to cancel this question with regard to the rate on tea from Colombo?

Q. I think so.

Hon. Mr. STEVENS: Do they not refer, Mr. Symington, to tea brought to London or British ports, warehoused there, and distributed from there?

Mr. SYMINGTON, K.C.: No, it is a straight shipment, Mr. Stevens, the complaint being that these boats come from the East, run on to Halifax, then proceed to New York, and they charge 10 cents more to Halifax than to Boston, and so on.

Sir HENRY DRAYTON: Under your instructions, where do they load?

Mr. SYMINGTON, K.C.: They load at Colombo, by the Colombo Commercial Company, Limited, of Colombo.

Sir HENRY DRAYTON: That would be an out-of-the-way way of doing it.

Mr. SYMINGTON, K.C.: I beg your pardon?

Sir HENRY DRAYTON: It sounds like an out-of-the-way way of doing it.

Mr. SYMINGTON, K.C.: They come across, through the Mediterranean.

WITNESS: There is tea moving that way, and by the Ellerman Line too.

Sir HENRY DRAYTON: I thought the tea went to England, where they have the facilities for handling it. It is shipped out from England, and we have a special tariff to cover it.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: From Colombo to New York there were 5,553,000 pounds, from Colombo to Boston 4,487,000 pounds, and from Colombo to Canadian ports 6,314,000 pounds carried on this line.

Sir HENRY DRAYTON: That looks like a really heavy movement, Mr. Symington.

Hon. Mr. STEVENS: That was a full cargo?

Mr. SYMINGTON, K.C.: Many shipments in twelve months from these ports. The rate to Halifax is 50 shillings, and to other American ports 40 shillings.

Sir HENRY DRAYTON: I think the question should stand.

WITNESS: Sir Henry, we do not carry the traffic in such a way; it must be by a line plying to Halifax.

Sir HENRY DRAYTON: It is by a line a member of the Conference?

Mr. SYMINGTON, K.C.: It is the Ellerman Line, the owners of the Canadian and American Steamship Line known as the Ellerman-Bucknall.

By Sir Henry Drayton:

Q. Is that a member of the Atlantic Conference?—A. No, sir; it is a direct service from Colombo.

Sir HENRY DRAYTON: They would not know anything about it. Leave that out. I thought it was a Conference line.

WITNESS: The Far East Conference; they may belong to that.

By Mr. Symington, K.C.:

Q. Your present bacon rate is 50 cents?—A. For ordinary stowage.

Q. Bacon and ham. Your present rate on cheese is 70 cents?—A. Yes.

Q. Is there any relation between the two?—A. Not that we are aware of, except that they are both foodstuffs.

Q. They are handled the same way, are they not?—A. What do you mean by handled?

Q. I mean the work in connection with loading, the stowage of them, and so on—about the same?—A. No; I would say that we take a great deal more care of cheese, on account of the style of package, than we do with bacon. Bacon is better packed for handling.

Q. Is there any other difference?—A. No other difference that I can think of, in a general way.

Q. You have charged a difference of 20 cents?

The CHAIRMAN: Per 100 pounds?

By Mr. Symington:

Q. That is per 100 pounds?—A. That is right.

Q. The cheese people are rather objecting to that, are they not, Mr. Marlow?—A. I have heard that they have, recently, I don't know whether it is since this Committee commenced to sit or not, but they have recently been protesting against the rate.

Q. Claiming that there is only a justification of an extra charge of 5 cents?—A. They go farther than that; I believe they are asking for a 45 cent rate, a lower rate than bacon.

Q. Is there any reason, apart from the nature of the package, why it should be greater?—A. You mean than the extra cost of handling?

Q. Yes.—A. I haven't anything in my mind just now; no, I have not in my mind any reason for the difference.

[Mr. W. T. Marlow.]

By Mr. Kennedy:

Q. Were the rates the same in 1921?—A. Yes, they were the same in 1921.

Q. 75 cents?—A. 75 cents per 100 pounds for ordinary stowage.

Q. And a decrease from 75 cents to 50 cents in the case of bacon, since 1921?—A. That is right.

Q. And from 75 cents to 70 cents in the case of cheese?—A. Right.

Q. Why was the decrease greater on one than the other?—A. I cannot answer that offhand, Mr. Kennedy.

By Sir Henry Drayton:

Q. Tell me one thing while we are at that. I remember some years ago considering cheese rates. We were troubled a good deal by the containers, the boxes being broken, and the Railway Company showed a great deal of loss in connection with breakages, and we had a standard box produced of different material, which it was claimed would largely eliminate the item of damage to the carrier. What has happened to that box, Mr. Marlow?—A. They are still using the round cylindrical boxes, and we are still having trouble with breakages, except that some of the shippers will wire them now, and when wired there is very much better protection for the cheese.

Q. But the box which was produced would get away from the question of telescoping and breakage on the sides, allowing all kinds of things to hurt the cheese. Has the standard box been adopted?—A. The standard box is a cylindrical box.

Mr. KENNEDY: That was a standard ruling by the Railway Commission.

Sir HENRY DRAYTON: We were trying to get a standard.

Mr. KENNEDY: But it was no better than the other one.

By Mr. Black:

Q. The cooperage on cheese is in excess of the ordinary package cargo?—A. That is right, that is, fixing the boxes up after they break.

Sir HENRY DRAYTON: I know there was a lot of trouble about it, and I was wondering if they had got away from it; Mr. Kennedy seems to think they have not.

By Mr. Symington, K.C.:

Q. By the way, a large part of your bacon and ham shipments come from the United States?—A. That is true.

Q. Your cheese practically all comes from Canada?—A. We have carried recently quite a quantity of cheese from the United States.

Q. From what district?—A. Chicago and West there.

By the Chairman:

Q. What sort of package do the New Zealanders use for their cheese?—A. A very much better package, we think, than the Canadian.

Q. What is the difference?—A. I cannot describe it to you, except from what I have heard. I think I have heard one of the officials of the Department of Agriculture say so.

By Mr. Johnston:

Q. Is it much more expensive than the one we are using?—A. Probably it is.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. What is your rate on butter in refrigeration?—A. \$1.50 per 100 pounds.

Q. Do you know the rate from Vancouver to the United Kingdom?—A. Yes, I have ascertained that it is \$1.50 per 100 pounds in refrigerator space.

Q. The distance in one case being 8,800 miles and the other being 3,000?—A. That is right.

Q. A shipment from Vancouver, what toll do you have to pay through the Panama?—A. We do not have to carry any, but I believe there are tolls.

By Sir Henry Drayton:

Q. Why do you not carry any butter?—A. Through the Panama?

Q. Yes?—A. We have no service there. The Furness have, and the Canadian Government Merchant Marine, but I don't know whether the Furness and the Canadian Government Merchant Marine carry butter or not.

By Mr. Symington, K.C.:

Q. As a freight man, would you consider that it is justifiable to charge \$1.50 on butter from Montreal to the U.K., when the charge from Vancouver to the U.K., 5,000 miles farther, with Panama toll dues, is only \$1.50; do you consider that is justified?—A. I do not think you can always measure rates in that way.

Q. Can you offer any reason why the Montreal rate should be that high, granted the other rate is correct?—A. It is a fact that to-day the rate to Vancouver from Montreal is lower than it is to intermediate points over the railway.

Q. I do not want to get into an argument, but can you tell us any reason why that should be?—A. When the rate was made of \$1.50 from Montreal, I do not know what the rate was from Vancouver.

Q. Had you known it, would you have made it lower?—A. There might have been something in that. I understand they are having something to say with the butter people now, but they have not complained, that I know of, against the rate except recently, since this Committee commenced to sit.

Q. I understand you intimated a willingness to treat with them as soon as this Committee is over?—A. That is right.

Q. It is the same with regard to a lot of other people?—A. If you want the truth, we thought somebody was stirring them up.

Q. In any event that would have been your answer to them, Mr. Marlow?—A. That is our answer.

Q. That you are prepared perhaps to meet their wishes when this Committee is over?—A. We are prepared to meet them at all times, Mr. Symington, and we are glad to meet them.

Q. The rate on butter has not been decreased for some time?—A. It has not, since 1919.

Q. Do you know what the rate on New Zealand butter is, from New Zealand to the United Kingdom?—A. Yes, I understand it is the same as from Vancouver and from Montreal.

Q. That is, the New Zealand farmer or dairyman can get into the U.K. market, all the way from New Zealand, all the way from there, the same as the Montreal man can?

By the Chairman:

Q. What is your answer to that question?—A. It is only fair to say, with regard to butter, that viewed from a transportation standpoint it is a very precarious commodity. We have frequently had butter booked and the space

[Mr. W. T. Marlow.]

cancelled on us when we could not get other cargo in lieu thereof, owing to the limited time between the cancellation and the sailing. There is this also to be said, that the refrigerator space in the steamships is divided up into chambers. You may have a 7,000 cubic feet chamber. Butter has to move in what is known as 25 degree temperature storage, that is below the freezing point. Now when we start to book the butter, we may only have offered us what will occupy 2,000 feet of space, and we have to set aside one of these chambers for the butter, in the hope that before the sailing, we will be able to fill up that chamber. You cannot always put other cargo with butter. You cannot put fish with it; frozen fish, which we carry also.

By Hon. Mr. Stevens:

Q. Could you put cheese?—A. Cheese does not require a freezing temperature.

Q. Nor bacon?—A. Nor bacon.

By Mr. Black:

Q. Is butter carried from Vancouver?—A. I was going on to explain this. By reason of these frequent cancellations, I do not believe the butter shippers themselves, until recently, considered the rate exorbitant, but if they do now, and wish to discuss it with us, we will be glad to give it consideration.

Perhaps it would be interesting to know that according to our information, the ocean rate percentage of the value of the goods landed in Britain is 2.9 per cent.

By Mr. Kennedy:

Q. What is it on bacon?—A. On bacon it is a little over 3 per cent.

By Sir Henry Drayton:

Q. And on cheese? And then we will have the three of them.—A. I should have said on cheese it is a little over 3 per cent. And on bacon 2.8 per cent.

Q. What basis of value did you take for butter for the purpose of that computation?—A. We took this basis of value, but we had in mind, Sir Henry, that there was this uncertainty of getting the butter to fill the chambers, and, after booking the butter, of having the space cancelled on us.

Q. But to arrive at that figure of two decimal plus, you had to know the price of the butter. What price did you adopt?

Mr. FLINTOFF: The landing price.

The WITNESS: I wish to correct the statement, that the percentage value of the bacon in ordinary stowage is 2.2. You mean the value of the goods landed, Sir Henry?

Sir HENRY DRAYTON: The value on which you make the calculation.

The CHAIRMAN: You say you calculated a certain percentage as being the cost of carriage. How did you make your calculation.

By Sir Henry Drayton:

Q. What is the value on which it is calculated?—A. Cheese, 100 shillings per hundredweight, that is 112 pounds.

Bacon, 104 shillings per hundredweight. Again 112 pounds. Butter, 160 shillings per 112 pounds.

By the Chairman:

Q. Your bacon and cheese are practically the same.—A. Yes.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. And you take the refrigeration cost and not the ordinary stowage with respect to butter?—A. In respect to butter I take the actual rate. None of it goes except in refrigerator stowage.

Q. The others you take the ordinary stowage?—A. Yes.

By Sir Henry Drayton:

Q. The question of stowage has nothing to do with the value of the article.—A. None whatever. That is a definite figure.

By the Chairman:

Q. Mr. Marlow, I want to get it clearly on record whether steamship companies do as a matter of fact carry in refrigeration butter from New Zealand as cheaply as they do butter from Montreal?—A. That is our information. But the movement of refrigerator cargo from New Zealand by reason of the transport through the tropics, is in fully insulated steamships. We have no such trade from Canada.

Q. You would not suggest therefore that it was cheaper to carry from New Zealand in fully insulated steamships through the tropics, than it is to carry from Montreal to Liverpool through the comparatively cool climate of the Gulf and North Atlantic, would you?—A. It might be cheaper if you take the aggregate of the ship's carryings.

By Sir Henry Drayton:

Q. Hold on, Mr. Marlow. That would not be so. I think I know the distinction, but let us get it clear. So far as the actual movement is concerned, it is absolutely more expensive but so far as the relation of the utilization of refrigerator space, the unit of cost to the company may be greater by reason of that incident. What I mean by that is this; it is perfectly clear that it is correct, as you say, if you have compartments of 7,000 and loading of only 2,000 you are certainly carrying at a much higher rate than if you were loaded 100 per cent. Now is your suggestion that you have not got the same conditions in the New Zealand trade? I understood that is what you meant to the Chairman.—A. Yes.

Q. Do they get full loadings?—A. Yes, on these high-priced commodities, such as the butter, the cheese, and the meats.

Q. From New Zealand?—A. From New Zealand.

Mr. SYMINGTON, K.C.: Are you sure of that now?

Mr. MONTGOMERY, K.C.: My information is that they get full cargoes from New Zealand, as distinguished from the fact that they only get them in certain seasons of the year on the North Atlantic.

The WITNESS: They employ fully insulated boats, so there must be the demand for the space.

By Sir Henry Drayton:

Q. I do not know that that follows, because you set aside a certain proportion.—A. That is only a small proportion of our ship that we have insulated.

Sir HENRY DRAYTON: That is the same principle.

By the Chairman:

Q. Does it happen often, as a matter of fact, that your refrigerator space is not taken up?—A. Oh frequently, sir, particularly in the cool months of the year.

Q. What percentage of it in the summer would not be taken up?—A. I have that all worked out for you, sir.

[Mr. W. T. Marlow.]

Sir HENRY DRAYTON: Get it from your list, it is important.

The WITNESS: I can only give you for the Canadian Pacific.

The CHAIRMAN: Yes.

By Mr. Kennedy:

Q. Did you give the comparison of the rate from New Zealand to the United Kingdom, with the Montreal rate, on cheese?—A. The rate on cheese, I understand, from New Zealand,—and to be fair, it all moves in refrigerated space, on account of it having to make a tropical voyage, is 180 shillings, I understand, per ton; as against 70 cents per hundred pounds from Canada.

The CHAIRMAN: I suggest, Sir Henry, that Mr. Marlow take a note of this and give us the exact figures when we have the pleasure of listening to him again.

By Hon. Mr. Sinclair:

Q. Do you stow butter and cheese in the same chamber?—A. Yes, sir.

Mr. SYMINGTON, K.C.: Do I understand you to say you can stow butter and cheese in the same compartment?

The CHAIRMAN: Yes, that is what Mr. Marlow said.

The WITNESS: Well, no, I beg pardon. I did say that, yes, but I would like to correct it. Cheese is never shipped in frozen space.

Sir HENRY DRAYTON: That is what I understood him to say. I did not understand him to say the contrary. He said the same thing before.

Mr. MONTGOMERY, K.C.: I do not think anyone would care to eat butter that had been shipped with cheese.

The CHAIRMAN: I think Mr. Marlow was thinking of shipments from New Zealand.

By Mr. Symington, K.C.:

Q. Supposing you were a little short of butter cargo in your refrigeration space, you could fill it with cheese, could you not?—A. I do not think it would be advisable to freeze the cheese. I think that might injure it; cause sweating afterwards.

Sir EUGENE Fiset: But they do from New Zealand.

By Mr. Symington, K.C.:

Q. They do from New Zealand, do they not?—A. No. To understand the thing correctly, with a fully insulated boat you will have part of the boat at the freezing temperature, and part of it at 35 to 40, and the different parts of the boat are set aside for the different commodities.

Sir HENRY DRAYTON: My recollection, Mr. Symington, is that railways are not supposed to freeze cheese. A good deal of a row occurs if cheese shipped by rail is frozen in transit.

By Mr. Rinfret:

Q. What I would like to know is this: those special ships that sail from New Zealand cost more to build than our own ships?—A. I am not an expert on that, Mr. Rinfret, but I would naturally think the cost of insulation would be additional to what would be paid for an ordinary cargo ship.

Q. Does it not strike you that that is a very important factor in fixing the freight rates?—A. Well there is so much variation in the construction of a vessel, and I do not know just what vessels they have employed in the New Zealand trade, but let us suppose, for instance, that some of them are pre-war built vessels with this insulation in; the whole vessel, with the insulation, might cost very much less than some of the cargo vessels we have employed in the Canadian trade to-day which were built since the war.

[Mr. W. T. Marlow.]

Q. But you cannot build them for that price now? I mean, those New Zealand ships could not be built for that price now?—A. No, not for the price they could before the war.

By Hon. Mr. Sinclair:

Q. You mentioned that butter had to be carried at 25 degrees. Is that relating to the Atlantic trade or the New Zealand trade?—A. The Atlantic trade.

By Mr. Symington, K.C.:

Q. I would like to refer the Committee—and I will just ask Mr. Marlow one question in connection with the New Zealand rates—to the report of the Imperial Committee in their New Zealand inquiry of 1922, Volume 2, page 673, in discussing it there, they said—and Mr. Marlow, can you verify this—“In the New Zealand trade it takes six months to make a round trip.”—A. I could not answer that. That is from New Zealand to London and return, I presume?

Q. To the United Kingdom and back. “But the cargo is collected at many different and widely distant ports.” Do you know anything about the trade out there?—A. No, I don’t. I have never been out there.

Q. If that were so it would make it more expensive for the steamship line.—A. Each port of call adds to your expense.

Q. “There are a great multiplicity of parcels and marks, and the sorting of each on discharge involves loss of time and labour.” That does not exist in our trade?—A. We have more or less of it in our trade. We may have a ship with 150 or more bills of lading, different parcels and different consignments, all of which have to be eventually sorted for delivery.

Q. Would you say there was any comparison between the New Zealand trade and our trade in that respect?—A. I know nothing whatever about the New Zealand trade in that respect.

Q. I am pointing this out to you as a justification advanced by the Shipping Committee for what was alleged to be a high level of rates between New Zealand and the United Kingdom.—A. I can only answer you, Mr. Symington, by saying that I have enough respect for the Imperial Shipping Committee to say that if that was their finding it was correct. I have no personal knowledge of it.

Q. Now then, have you any knowledge of rates on different routes other than to the United Kingdom?

The CHAIRMAN: This Committee stands adjourned until 4.30 this afternoon.

The Committee adjourned.

AFTERNOON SESSION

The Committee resumed at 4.30 o’clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum. The Committee will please come to order. Mr. Symington, I think you were continuing the examination of Mr. Marlow?

Mr. SYMINGTON, K.C.: Yes, sir.

The CHAIRMAN: Mr. Marlow, will you kindly resume your seat, sir?

WILLIAM THOMAS MARLOW, recalled:

By Mr. Symington, K.C.:

Q. Mr. Marlow, at the adjournment, I was asking you if there was any relation between the rates between, say, Canada and the United Kingdom and Canada and South Africa?—A. There is no relation.

[Mr. W. T. Marlow.]

Q. They are never considered in fixing the rates?—A. They are never considered in fixing the rates to the United Kingdom.

Q. Do you know, for instance, that the rate on agricultural implements is less to South Africa than to the United Kingdom?—A. No, I do not know that but I understand the Elder Dempster Line receive some subsidy from the Canadian Government for a service to South Africa.

Q. For a freight service to South Africa?—A. For a freight service to South Africa.

Q. And the distance from Canada to South Africa is, roughly speaking, how much further than the distance to the United Kingdom?

Hon. Mr. McMURRAY: About 8,000 miles to South Africa.

Mr. DUFF: About twice as far.

The WITNESS: Well, from Montreal to Cape Town the distance is 7,108 miles.

By Mr. Symington, K.C.:

Q. And what is the distance from Montreal to Liverpool, say?—A. Montreal to London—

Q. London or Liverpool?—A. To Liverpool, 2,760 miles; to London, 3,241 miles.

Q. And to South Africa?—A. To Cape Town is 7,108 miles.

Q. Now, the rate on agricultural implements from Canada to the United Kingdom is how much?—A. Twenty-five cents per cubic foot.

Q. Do you know what it is to South Africa?—A. No, I do not.

Q. A good deal less, is it not?—A. I tried to find that out, but so far as I could ascertain there is some negotiation going on at present between the Government and the Elder Dempster Line regarding what the rates will be, or were to be, effective on May 1st.

Q. But, what have they been?—A. I do not know what the rates have been.

By Mr. Duff:

Q. Do you know what the Canadian Government Merchant Marine rate is to South Africa?—A. I may be able to get that for you.

By the Chairman:

Q. Mr. Duff wanted to know what the rate on the Canadian Government Merchant Marine is to South Africa?—A. I do not know. I do not understand they have a service to South Africa.

By Mr. Stork:

Q. You mean from Canada to South Africa, or from England to South Africa?

The CHAIRMAN: From Canada to South Africa.

By Mr. Symington, K.C.:

Q. I find in one of these documents that the rate to Great Britain is given at \$10 per ton?—A. That is right; that is equivalent to 25 cents per cubic foot.

Q. And to South Africa is \$7.50 per ton?—A. I have it here in a table. I did not know I had it. The rate from New York to South Africa is 35 cents per cubic foot against 25 cents per cubic foot from Montreal to London.

Q. I was asking you about the rate from Montreal—or from Canadian ports?—A. I do not know.

Q. You do not know whether the \$7.50 rate is correct or not?—A. No, I do not.

[Mr. W. T. Marlow.]

Q. You say if there is a difference between \$10 per ton from Montreal to London, 3,000 miles, and \$7.50 from Montreal to Cape Town, the longer distance, it is by virtue of a Canadian subsidy to the Elder Dempster Line?—A. I think it would be attributable to that.

Q. You would think it would be attributable to that?—A. Yes.

Q. Now, have you ever compared the rates between the United Kingdom to Canada and the United Kingdom to other countries?—A. No, I have not.

Q. Are you able to say whether there is any route any place that has as high rates as the North Atlantic routes?

The CHAIRMAN: For equal distance?

Mr. SYMINGTON, K.C.: For equal distance.

The WITNESS: I am not able to answer that.

By Mr. Symington, K.C.:

Q. I refer you to Exhibit 12 A, Mr. Marlow, which is the minutes of the Liner Committee's meetings for the year 1920. Have you a copy of them there?—A. No, I have not them before me.

Q. In 1920 the Wheat Board was still in existence?—A. Yes.

Q. Would this be an instance,—and I am reading from page 66—

Mr. MONTGOMERY, K.C.: What date is that?

Mr. SYMINGTON, K.C.: January 6, 1920. (Reading): "*The British Ministry January Cereal Allotment*: James Stewart, Chairman of the Wheat Board, met the various railway and steamship interests at his office in Montreal on the afternoon of January 2nd, discussing fully the questions raised by the Shipping Federation's telegram which was dispatched to him on December 30, apparently as a direct result of the protest entered by the shipping interests. It was decided to allot to the various British Steamers trading to the U.K. during the month of January, 20,000 tons of wheat." That would be distress cargo?

The WITNESS: No, it was not. That was Government controlled cargo before the de-control of export of grain from Canada, by the British Government.

By Mr. Symington, K.C.:

Q. Just how did that come about?—A. My recollection is that the British Government had notified the lines they must hold space in their steamers for 20,000 tons in January, and 20,000 tons of grain in February, and when the time came, we were aggrieved that the Government did not fill the space.

Q. This is for January. It was said that it was decided to allot the various British steamers trading to the United Kingdom during the month of January 20,000 tons of wheat?—A. Yes, sir.

Q. Was that before there had been any falling down in January?—A. Yes, it likely would be; I have not the facts in my mind, but I remember the circumstances.

Q. Wheat was carried at a rate which was a very high one at that time, which the Ministry and the shipping interests agreed upon?—A. That is right.

Q. And not at any distress rate?—A. No, we had nothing to do with commercial produce then.

Q. Distress rates did not prevail at that time?— (No audible answer).

Q. Then I refer you to the next meeting, the minute of which is found on page 65—

Mr. FLINTOFF: What date?

Mr. SYMINGTON, K.C.: January 13. (Reading): "Attention was called to the fact that a rate of one dollar per hundred pounds was out of accord with that on cheese, and it was suggested that it be increased to \$1.25 per hundred

[Mr. W. T. Marlow.]

pounds." That is headed "Butter." Do you have a relationship between butter and cheese?

Q. Do you have a relationship then between butter and cheese?—A. Well at that time it was thought that the rate should be, I think, 25 cents higher on butter than on cheese. I am only speaking from memory.

Q. Because at page 64, the meeting of January 20th, the subject again came up and this is the entry:—"Decided to ask Secretary Morse to docket for next monthly meeting Conference New York proposal to increase rate on butter to \$1.50 per hundred pounds United Kingdom, this being premium of 25 cents per hundred pounds over rate provided for cheese. Butter has always taken premium over cheese. Meantime Canadian Lines decided to quote \$1.50 per hundred pounds on butter, the Conference rate being a dollar." I take it then, in the Conference rates, that anybody can quote above them but not below them?—A. That is true.

Q. Has that differential between butter and cheese been maintained?—A. No.

By the Chairman:

Q. May I interject a question there? One of the main arguments for Conferences is that they maintain stability. Now how is that stability maintained if the members of Conference are all free to raise rates although they cannot reduce them?

Mr. SYMINGTON, K.C.: Perhaps the witness will tell you.

By the Chairman:

Q. What observation have you to make to that question Mr. Marlow?—A. Well, my answer to that is that we make the rates either up or down. It has already been admitted that while we listen to shippers and get their views, at the same time we fix the rates ourselves.

Q. You have not met my question, Mr. Marlow. Perhaps you did not understand it thoroughly. I will try to repeat it. I understand that one of the main arguments put forward by the steamship people in favour of Conferences is, that Conferences maintain stable rates. Now how is that true if although Conferences maintain minimum rates, any individual member of the Conference is free at any time to quote higher rates than the Conference rate?—A. Well, the power is very very seldom exercised.

Q. That is your answer.—A. May I say in answer to the question raised by Mr. Symington, that he is speaking now of a transition period, between de-control by various departments of the British Government and our going into commercial shipping practice again.

Mr. SYMINGTON, K.C.: I quite agree with you, and the items differentiate between commercial shipping and Ministry shipping.

By Mr. Symington, K.C.:

Q. But can you tell us how it was that this meeting on January 13, in Montreal, decided that the proper rate for butter was to be \$1.25, and the very next week they asked Secretary Morse to recommend a \$1.50 rate?—A. I can only account for that in this way; as I say, we probably expressed great dissatisfaction with the butter shippers, in getting them to fill their space—the space they had engaged on the steamers—or that the quantities that they indicated would be booked, were not booked.

Q. What struck me, Mr. Marlow, was this; here you were getting out of the war period, and you say rates were declining and in the space of a week you raised or asked the New York Conference to raise the rates from \$1 to \$1.50, or fifty per cent.—A. You realize, of course, Mr. Symington, that the Government kept down rates on cargo which they themselves purchased, below what they authorized for commercial shipments.

[Mr. W. T. Marlow.]

Q. That may be so.—A. That was one of the commodities which the Government controlled.

Q. That was the commercial rate I am speaking of now, that was in your commodity tariff. You charge \$1.50 apparently for March 5th, when Mr. Morse, or through Mr. Morse, the New York Conference fixed it in their tariff and raised it from \$1 to \$1.25 in accordance with your first recommendation, but in the meantime apparently the Canadian lines, although the tariff rate was one dollar and although the New York Conference subsequently in March fixed it at \$1.25, the Canadian lines meantime charged \$1.50?—A. I cannot recall the circumstances that were behind that action.

Q. In any event that would be the meaning of the minute that is reported in your conference, that you were going to quote \$1.50 per hundred?—A. It was apparently our idea that \$1.50 should be the correct rate for butter and we decided that that rate be established.

By Hon. M. Stevens:

Q. What year was that?—A. 1920.

By Mr. Symington, K.C.:

Q. Now I refer you to the same Exhibit, 12A, page 65, an entry with respect to lumber. Mr. D. O. Wood. He was the Canadian Government Merchant Marine?—A. He was the Canadian National Railway man who apparently had some jurisdiction over the Canadian Government Merchant Marine.

Q. "As Mr. D. O. Wood has now announced his intention of maintaining rates of \$1 per hundred pounds on hardwood and \$1.22 per hundred pounds on softwood, the Canadian lines agree on their part to re-establish the former quotations of 300 shillings per standard on pine and spruce, and 310 shillings per standard on hardwood on local deals."

Mr. DUFF: That was a pretty good rate.

Mr. SYMINGTON, K.C.: It had just been raised. That was the reason of this trouble.

"The Head Line from St. John to Irish ports dissenting, claiming that their service was non-competitive. The chairman was therefore instructed to despatch the following telegram to Mr. Morse, Secretary, Freight Conference, New York:—

"Lumber. At meeting to-day attended by representatives of Canadian Pacific Ocean Services, Reford, Furness-Withy, White Star-Dominion Line, agreement was concluded with Canadian Government Merchant Marine to quote \$1.22. soft wood \$1 per hundred pounds hardwood with 300 shillings pine spruce 310 shillings hardwood per standard on local deals Head Line to Irish ports dissenting and claiming they were not competitive."

"And also to inform Mr. Wood of the result of to-day's meeting as follows:—

"Referring to your wire to Coates of to-day's date, your understanding correct lumber deals restored to position prior to date deal rate declared open."

By Mr. Symington, K.C.:

Q. That meant, did it not, Mr. Marlow, that the deal rate had been declared open, that the Canadian Committee fixed a higher rate than had existed, that Mr. Wood insisted upon these other rates, with the result that the Conference lowered—that is the Canadian Liner Committee lowered—to re-establish their former quotation, but the Head Line refused to accept a lower quotation; that was the effect?—A. That appears to be the effect.

[Mr. W. T. Marlow.]

Q. Was that a breach of the Conference agreement, that the Head Line, running in a non-competitive area, where there were no tramps, say, to Ireland, could still extract or charge a rate higher than the Conference rate to Ireland?—A. Well, as I have previously explained, any line, so far as that is concerned, can inform the Conference that it can make any rate, and apparently in that case, the Head Line notified us that they they would not agree to that rate.

Q. Would not agree to the reduced rate?—A. Whatever the rate was.

Q. So that the Canadian deals to Ireland in that case would be on a higher basis than Canadian deals to other ports?—A. I am unaware of that. They did not tell us what their rate would be.

Q. Well, what I have said was that they objected to the reduction.—A. They may have wanted to make a lower rate than the rate mentioned there of 300 shillings.

Q. Why? Because it was non-competitive?—A. No. Because they might have had a shortage of cargo and wanted to fill up with deals.

Q. They were dissenting to the reduction, claiming that they were non-competitive. Do you suggest that they wanted a bigger reduction?—A. I have known them to be in that position, that they would not agree to our deal rate.

Q. Because there was no competition?—A. They mean no liner competition to Irish ports. There is plenty of tramp competition to Irish ports.

Q. What are you suggesting then?—A. That the Head Line did not want to agree to the rates named on deals.

Q. Remember, to the reduced rates named on deals.—A. Well, I said to the rates named.

Q. But it is reduced rates.—A. I am not clear about that in my mind. I have not the thing before me.

Q. I will be glad to put it before you, Mr. Marlow. I will give you the minutes themselves.

Q. I mean, I would like to see the rate before and the rate after and see that it was reduced.

Q. You will find that on page 65. Can you read it?—A. Yes, I can read it all right, thank you. That was the restoration of an established rate on deals from open rates, when anyone might have quoted anything. Not necessarily a reduction.

Q. Which open rate, I judge, was higher because of the objection to this re-establishment of what was apparently a standard rate, to meet Mr. Wood's rate?—A. I would say that the rate had been made open to meet Mr. Wood's rate, and that this minute records a re-establishment of a fixed rate.

Q. In accordance with the rate fixed by Mr. Wood?—A. No, you said his rate was \$1.22 and \$1 per hundred pounds. Whereas the rates that were re-established were the standard rates.

Q. Yes, well, what is the difference in amount?—A. Oh there might be a great difference.

Q. It reads, "As Mr. Wood has now announced his intention of maintaining rates" therefore you re-established the former quotation of 300 shillings per standard?—A. I would gather from that, that Mr. Wood had broken away from the agreed rate and he caused the rate to be made open. Mr. Wood agreed to come back again and we re-established the fixed rates. That is perfectly logical.

By the Chairman:

Q. In coming back, did Mr. Wood have to climb up or climb down?—A. I cannot say at this date, because that all depends, Mr. Chairman, on what the rates were when it was open to any line to quote what it pleased.

Q. Mr. Marlow, if you will listen to the Minute it seems to me it does not bear that construction as Mr. Wood has now announced his intention of main-

[Mr. W. T. Marlow.]

taining the rate of \$1 per hundred pounds on hardwood and \$1.22 on soft wood. The Canadian lines agreed on their part to re-establish the former quotations?—A. Does it say to re-establish the former quotation?

Q. Yes.—A. That we were restoring the rate that had been in effect fixed before the opening.

Q. You were re-establishing it on a basis, I presume, similar to Mr. Wood's announced or maintained rate.—A. No. I would think that what happened was that probably Mr. Wood was carrying Ontario lumber from the Western states at \$1 for hardwood and \$1.22 for soft-wood, which were apparently the Conference rates, that he had broken those rates, that when he assented to a restoration of those Conference rates we restored in consequence the deal rate.

The CHAIRMAN: I would suggest, Mr. Symington, that we give the witness a moment to look at his own file and he may be able to give us exactly what happened.

Hon. Mr. SINCLAIR: Who was Mr. Wood?

The CHAIRMAN: Mr. Wood was the railway man in this part of the C. N. R.

Mr. FLINTOFT: He was on the Canadian National Foreign Committee.

The WITNESS: What is the date you are quoting from Mr. Symington?

Mr. SYMINGTON, K.C.: Well, the reporter has taken my quotations now.

Mr. MONTGOMERY, K.C.: The last you quoted from, was January 13th.

Mr. SYMINGTON, K.C.: January 13th.

Hon. Mr. SINCLAIR: What year?

Mr. SYMINGTON, K.C.: 1920.

The WITNESS: I think, after reading this, the explanation I have given is quite correct.

By Mr. Symington, K.C.:

Q. After reading it?—A. After reading my own file.

Q. He had broken away but came back, is that it?—A. That is right.

By Mr. Montgomery, K.C.:

Q. What about the Head line?—A. This is subsequently. The Head line reduced the rate. Here is a Minute in a subsequent meeting, dated February 10, 1920, which says: "The Head Line representative stated his principals were of opinion rates should be open and indicated 250s as their idea of what the rates should be."

Q. I see.

By the Chairman:

Q. Have I got the situation right if I sum it up as follows?

Mr. FLINTOFT: I think if Mr. Marlow reads later he will see he closed it up. They came back.

The WITNESS: Here is a memorandum on my file dated February 11th, the day after: "Representative of the Head Line reports that after consultation with his principals they have decided to maintain rates of 300s on softwood and 310s on hardwood deals from Montreal and Quebec and have withdrawn all quotations on a lower basis."

By Mr. Symington, K.C.:

Q. They came back in too?—A. Yes.

[Mr. W. T. Marlow.]

By Hon. Mr. Sinclair:

Q. Why would they do that, Mr. Marlow, when they thought 250s was sufficient? Why would they come back? What was the prompting reason?—

A. The reason was that on appeal to their principals in Ireland—they are only agents here—they thought, with the other Liner members, that the rate should be 300s on softwood and 310s on hardwood.

Sir EUGENE Fiset: You were right, Mr. Chairman. The restoration was upwards.

The CHAIRMAN: Yes. That is quite clear to all the gentlemen, I think.

Mr. SYMINGTON, K.C.: At page 60 of the Minutes—

Mr. FLINTOFT: The original restoration went upward.

The CHAIRMAN: May I state what my understanding of the episode is and Mr. Marlow will correct me if I am wrong; There was at one time, a rate on lumber, to which all the Conference Lines agreed; then Mr. Wood, as representing the Canadian Government Merchant Marine quoted a lower rate.

Mr. MONTGOMERY, K.C.: A higher rate.

The CHAIRMAN: No. A lower rate. Then on representations made by the other lines he announced his determination of restoring the former rate and all Lines agreed that the former rate should be restored by all of them, they meanwhile having followed in the downward course, Mr. Wood's action. At one moment, the Head Line said that they thought 250s as a standard rate would be satisfactory. On referring the matter to their principals in Ireland word came back that they should request 300s as the standard rate, the same as the other Conference Lines, and the rate was restored by all at the previous level.

The WITNESS: I think they said they should maintain.

By the Chairman:

Q. Is my summing up of the situation correct?—A. I did not follow it.

Q. I will put the question again.—A. Perhaps we had better have the reporter read it.

(Statement of the Chairman as above having been read to the Witness).

A. That is substantially correct.

By Mr. Symington, K.C.:

Q. We have got that. Turn to page 60, Mr. Marlow, of this Meeting of February 7th.

"Grain Rates: The lines present agreed to maintain a rate of 40 cents per 100 pounds on rye, corn, barley and wheat when the latter is released, with 50 cents per 100 pounds on oats, with the exception of McLean, Kennedy & Co'y who stated that they would have to cable their principals but would recommend their adopting these rates."

There the Conference was getting ready for a de-control and they agreed to maintain a rate of 40 cents on wheat and they wired to Mr. Morse; reading also with respect to deals.

"In regard to the rate on deals it was pointed out that the business from the Province of Quebec, Nova Scotia and New Brunswick has always been done on a standard basis and to make a change at this time would cause an influx of tramps which would take a large amount of business away from the liners, and it was decided to send the following telegram."

The Canadian members were wanting to keep the tramps out of the trade?—A. The Canadian lines wanted to explain to their fellow members in the

[Mr. W. T. Marlow.]

United States why they had to quote rates in sterling or per standard as against rates in cents per 100 pounds, because the tramps always quote sterling per standard.

Q. To do otherwise would cause an influx of tramps?—A. Yes.

Q. I am asking that so you may be clear in your answer. I am asking, does not the existence of the Conference keep tramps out?—A. I do not think so.

Q. They try to, do they not?—A. I think you have to take into consideration the circumstances.

Q. You can answer that. They try to keep them out. They direct their policy towards that purpose?—A. We try to make a rate that will compete with the tramp.

Q. Following this a wire was instructed to be sent to Mr. Morse, as follows:—

“FEBRUARY 7th, 1920.

“S. E. MORSE,
59 Pearl Street,
New York, N.Y.

“Montreal Lines including Canadian Government Merchant Marine have agreed to minimum of forty cents heavy grain fifty cents oats commercial shipments Head Line have had to cable their principals for necessary authority but have wired approving of suggestion. Regarding deals Lines consider this is essentially a Canadian trade which has always been sold by the standard and freight rates quoted accordingly and if Liners did not carry deals on Standard basis it would encourage a large number of tramps for full cargoes which would be most undesirable Standard rates can only be quoted from Montreal, Quebec and Maritime ports, viz. three hundred shillings softwood three hundred shillings hardwood as already arranged. Please advise Lines.

(Signed) W. A. COATES.”

The purpose of the wire was, you say, to get New York's approval, first, to a forty cent wheat rate or grain rate?—A. Yes, that is right.

Q. And the second purpose was to explain and have explained to them why there should be a standard rate on deals from Canada?—A. To meet tramp competition.

Q. Apparently the New York Conference gave their approval?—A. They gave their approval. That would probably be the first time we had a meeting since the war. That explains the necessity of making sterling standard rates in the St. Lawrence on lumber as opposed to the practice from North Atlantic U.S. ports of quoting rates on lumber in cents per 100 pounds.

Q. Was the object in sending the grain rate also that Mr. Morse might secure a consent to a similar rate from the Southern Conferences and from the Shipping Board?—A. I believe you are speaking of 1920.

Q. Yes.—A. February 1920.

Q. Yes.—A. There was no relationship at that time with the Southern Conferences.

Q. Turn to page 59.

“*Grain-Commercial*: Question dealt with in Minutes of Meetings, February 6-7, minimum rates grain reviewed. Head Line reported had not received concurrence agreement from their principals.

Attention was called to circular from Secretary Morse, New York, February 9th to the effect that the I. M. M. Company had advised that New Orleans and Galveston interests were in favour and ready to consummate an agreement fixing minimum rates grain 40 cents and 50 cents. Shipping Board still to be heard from. Meantime understood all Canadian lines, including the Canadian Government Merchant Marine, would maintain minimums mentioned Commercial Bookings.”

[Mr. W. T. Marlow.]

In other words, Secretary Morse, was endeavouring to tie up all Atlantic Coast trade, in so far as possible, including the Shipping Board at a 40 cents wheat rate and a 50 cent light grain rate. That would be correct?—A. No. I do not think Secretary Morse was trying to tie up all lines to a rate.

Q. Why that wire?—A. I think the idea was to have the same rate from Canadian ports as from the Gulf, at that time, on grain.

Q. Is that why Secretary Morse was doing that?—A. Secretary Morse was probably the best man to do that.

Q. Did the initiation come from you or from them?—A. It is evident from this minute that a communication was received from the I. M. M. Company and passed by Secretary Morse, as a convenient way to convey it to us.

Q. Secretary Morse issued a circular to the effect that the I. M. M. Company had advised him that the Southern interests were in favour of that rate but the Shipping Board, not advised by the I. M. M., I take it the Shipping Board was still to be heard from? There was a concerted effort to fix that rate all along the Atlantic coast.—A. That may be the inference from that minute; I am not certain of it at the time.

The CHAIRMAN: I would like you to ask the witness whether there is any other possible inference from that minute.

Mr. SYMINGTON, K.C.: Very well, Mr. Chairman, I will ask that question.

By Mr. Symington, K.C.:

Q. You have heard what the Chairman has said. Is there any other possible inference to be drawn from that minute, Mr. Marlow?—A. Well, you are taking me back over five years, and I am sure my memory is not as bright as that, to tell you what the circumstances or the conditions were at that time.

By the Chairman:

Q. In other words, there is no other possible inference which suggests itself to you at the present time, although it may be that there was something when the transaction took place?—A. It appears to me that they were then anxious to have the same rates out of the Gulf as out of the other Northern ports, and I suppose the inference is that they were separated from us at that time.

By Mr. Symington, K.C.:

Q. Looking at that same entry—and this is in connection with your English connections, we see “GRAIN—GOVERNMENT” as opposed to “GRAIN—COMMERCIAL”.

“Decided to communicate following cablegram to the Secretary of the London and Liverpool Eastbound Freight Association.”

From that, do these Conferences maintain Secretaries on the other side as well?—A. Yes.

Q. That is, the Atlantic U.K. Conference maintains Secretaries on the other side?—A. They do.

Q. The London and Liverpool Eastbound Freight Association. The wire cable was this:

“Wheat Export Commission insist our carrying Government wheat eight shillings declining accept Bills Lading higher basis. Lines consider they should receive Government requisition rate ten shillings per quarter, certainly not less than eight shillings sixpence paid from New York Boston.

Please take up with Ministry and cable result.” Is that the method by which the rates on Government commodities throughout were fixed?—A. No, that is not the method. What happened in that case was this; the British Gov-

[Mr. W. T. Marlow.]

ernment notified the Lines that they would require certain space in January and February, if I remember correctly, and the rate as set by them was agreed to by them with the Lines' representatives in England, ten shillings per quarter. When it came to the time, the Wheat Export Company as Agents of the British Government on this side defaulted on furnishing the grain to the Lines, and wanted us to take it from them at a reduced rate of eight shillings per quarter, which we considered a breach of the agreement made.

Q. That is, Mr. Stewart on this side?—A. Mr. Stewart on this side, who was the expert of the Wheat Export Company.

Mr. MONTGOMERY, K.C.: From December 30, 1919, I think you will find some correspondence on the file. I notice a letter here to Mr. Johnston, the Deputy Minister, and to others. It is on that same file, under date December 30, 1919.

WITNESS: Did you say December 30, 1919, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Perhaps I can give it to you. I am sorry, I thought I could have turned to it.

The CHAIRMAN: That is all right; he has a mass of documents, and it is not always easy to turn to just what you want.

Mr. MONTGOMERY, K.C.: There are three letters of protest about the failure to deliver that cargo. One is addressed to Mr. Ballantyne, one to Mr. Foster, the other to Mr. Johnston. They were right near the place you were at.

WITNESS: Mr. Symington, I would like to call your attention and the Committee's attention to a letter which the Lines wrote through Mr. Thomas Robb, Manager and Secretary of the Shipping Federation to the then Minister of Trade and Commerce, Ottawa, in these terms:

"I have the honour by direction to quote copy of telegram which was sent by the respective shipping interests to-day to the Chairman of the Canadian Wheat Board, Winnipeg."

'At meeting representatives established Steamship Lines here resolution passed strongly protesting against serious position in which placed in respect of cereal cargoes for January owing to action Canadian Wheat Board in refusing deliveries of grain after December 31. Through Ministry of Shipping British Government indented on liners December fifteen for space fifty thousand tons wheat January only definitely advised December twenty-four wheat not available when too late lines provide substitute cargo. The lines urge their position as factor in maintenance and development Canada's export trade demands consideration and their interests should not be sacrificed to tramp vessels. Request that sufficient cereals at least be allotted fill space vessels sailing early January originally scheduled to arrive December but deferred owing to stress of weather. This also affects Canadian Government vessels.'

"The importance of the matter necessitates a request from the interests concerned for your good offices and influence.

I have the honour to be, Sir,

Your obedient servant,

Thomas Robb.

A copy of this wire has also been sent to the Minister of Marine and Fisheries and to his Deputy."

By Mr. Symington, K.C.:

Q. I do not want to delay on these things at this time. The rate you thought you should get was ten shillings?—A. Which was the rate promised us.

[Mr. W. T. Marlow.]

Q. And the New York rate was eight shillings sixpence?—A. That was the rate which the Government itself made at that time for British Government cargo between the St. Lawrence and Northern Range ports.

Q. That is, the Canadian rate was ten shillings and the New York rate eight shillings and six pence?—A. That is what they agreed to pay the Liners trading in the St. Lawrence as against the Liners trading in the Range—eight shillings and sixpence.

Q. That rate being agreed to after mutual negotiations?—A. That was the rate agreed to after mutual negotiations in England, the apparent reason being a desire on the part of the British Government at that time to recognize the insurance disability of the British owner trading in the St. Lawrence, the higher premium he would have to pay for hull insurance.

By Sir Eugene Fiset:

Q. How much later were the ships absolutely released?—A. They were released very peremptorily, sir, in February, 1920.

Q. Just one month after?—A. Just one month after that.

By Mr. Symington, K.C.:

Q. Eventually you got the Government to make some request to Mr. Stewart, which he refused?—A. That is right.

By Hon. Mr. Stevens:

Q. On the contract for space between the British Government and the ship owners, the shipping lines?—A. Yes, it was, partially, and partially under their power of requisition.

By the Chairman:

Q. Did these rates given you by the British Government during the war, or subsequent thereto before de-control took place, show you a fair margin of profit?—A. During the war?

Q. During the war, and up to de-control?—A. During the war, as I understand it, any profits there may have been went to the Government.

By Mr. Symington, K.C.:

Q. Did the profits go to the Government?—A. I understand so.

Q. So that they were producing rates?—A. Yes.

Q. One of the purposes here was, to get as much as possible?—A. Well,—Hon. Mr. STEVENS: I suppose they had fairly good-sized cargoes also?

Mr. SYMINGTON, K.C.: I suppose so.

Mr. MONTGOMERY, K.C.: Was it a hard luck story to the Lines?

Mr. SYMINGTON, K.C.: Well, the Committee can draw their own inference about it.

By Mr. Symington, K.C.:

Q. I will just run hurriedly through this. On February 24, at page 57, it is stated that a general discussion took place, and in order thoroughly to define their position the Lines agreed to advance present quotation on heavy from 40 to 50 cents, and on light grain to 50 and 55 cents respectively, to govern to the conclusion of navigation.

If you go on to the next meeting, March the 2nd, at page 55, you will see that that was again confirmed?—A. Yes.

Q. At the next meeting, March 9, it was lowered again to 40 cents?—A. What is the number of that?

Q. Fifty-four?—A. Yes.

[Mr. W. T. Marlow.]

Q. And again, on the 27th of April, at page 43, it was decided to make the minimum rate on barley and heavy grain 45 cents?—A. That is right.

Q. And as no business had been done on oats, which was the 50-cent rate, it was agreed that this rate should stand in the meantime. What was the cause, or can you give us any reason for that fluctuation, first up and then down, within those three weeks?—A. I can only ascribe it, without any actual fact in my mind, to the upward and downward demand.

By the Chairman:

Q. The demand for space?—A. The demand for space.

By Mr. Symington, K.C.:

Q. What strikes me is that on April 27—see if my reasoning is correct—you again raised it five cents on wheat but did not change the oat rate, because no business was offered. You did not raise the oat rate, nothing was offered, but you raised the wheat rate?—A. I do not suppose there were any oats moving at the time.

Q. Probably not, but it is not usual that as soon as traffic offered you raised it from 40 to 45 cents?—A. But if there was more moving than we could easily accommodate at the time, we could get an increased rate on it.

Q. In other words, what the traffic will bear?—A. That is one of the factors.

By Sir Eugene Fiset:

Q. They had just been released from government control, and you had to establish new rates, is that not so? I think I understand it.

The CHAIRMAN: Has the witness understood the question? Has he any observation to make in respect thereto?

The WITNESS: The idea was that the circumstances were exceptional at the time; it was a period of transition from control to de-control.

By Mr. Symington, K.C.:

Q. Then at page 56, February 27, "Cheese". The Chairman explained, I am not going to read this through, but you can follow it to see that I give the right sense of it, that the individual lines had received a request from the Canadian Cheese Export Committee, and the Conference decided that the lines would reply individually to the letter, intimating that the space for cheese had been released, and that no reduction in the rate should be made. On March 2, at page 55, everybody reported that they had individually written to this committee and agreed to hold firm for the \$1.25 per 100 pounds.—A. What point do you want to make there, about the individual writing?

Q. Yes.—A. You will notice that the letter was individually addressed, too.

Q. That was the policy adopted there, was it not?—A. No.

Q. Later?—A. No.

Q. Did the Canadian Liner Committee ever address a letter to any shipper or any aggregation of shippers?—A. No, I do not think they have ever addressed a letter.

Q. They have always taken the position that the individual lines should notify?—A. Or that we should meet and discuss it with the shipper.

Q. In any event, from March 2 you apparently fixed or agreed to hold firm for a rate of \$1.25 per 100 lbs., on cheese.—A. That is right.

Sir EUGENE Fiset: Which was the same rate that you had during the war. I have been much interested to know how the release of control was executed.

[Mr. W. T. Marlow.]

The CHAIRMAN: Mr. Marlow, you are going to try and answer the General's question as to whether the rate quoted then was the same as the rate during the war.

Sir EUGENE Fiset: It is very important, because it shows what happened when the ships were released.

The WITNESS: Unfortunately, under the heading of 1919 it was government control; it shows government control, so I do not know what the rate was.

By the Chairman:

Q. You do not remember?—A. I do not remember what the rate was.

By Mr. Symington, K.C.:

Q. Then we will turn to page 54, March 9. You received a notification from New York that the rate on bacon, hams and lard had been reduced to 75 cents a hundred?—A. Yes, that is right.

Q. But the cheese and butter and so on was not reduced?—A. That is right.

Q. Then on March 15, at page 53: there seems at this time, if you look at that, Mr. Marlow, to have been an agitation or at any rate an attempt made to fix commercial rates, and apparently some Canadian members left for New York but were held up by the snow. You remember that, probably?—A. Yes, I do.

Q. So you wired:

"Consider no further reductions should be made on flour, meats, cheese or butter and all rates applicable equally government or commercial cargo".

Then you set forth certain other rates that apparently had been fixed by the Conference, or you made certain suggestions?—A. Suggestions, yes.

Q. To conform with changes made at the last meeting?—A. Which I think were reductions.

Q. You think they were reductions?—A. Yes.

Q. "Canned Fruits and Vegetables, 85", and so on.—A. Yes. My recollection is that those were reductions.

The CHAIRMAN: Will I be meeting the views of the Committee if I adjourn until to-morrow afternoon at 3.00 o'clock?

Motion agreed to.

The witness retired.

The Committee adjourned until Thursday, April 30th, 1925, at 3 o'clock p.m.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 9—Thursday, April 30, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific
Railway, Montreal (*Continued*)
Mr. H. M. Cleminson, General Manager of the Chamber of Shipping of
the United Kingdom, London, England

EXHIBIT

No. 47—Shipping Agreement between John Doe and Conference Lines
(Read into evidence)
No. 48—Comparative loading costs. (Filed by Mr. Marlow). (Read into
evidence)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

THURSDAY, April 30, 1925.

The Committee met at 3.00 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stevens, Stork—14.

Mr. W. T. Marlow, who was again in attendance, was further examined and retired. During the course of Mr. Marlow's examination Mr. Symington filed Exhibit No. 47, "Shipping Agreement between John Doe and Conference Lines" and Mr. Marlow filed Exhibit No. 48, "Comparative Loading Costs."

Discussion as to relative costs of transportation followed.

Mr. H. M. Cleminson, who was again in attendance, was further examined and retired.

The Committee adjourned at 6.20 o'clock p.m. to meet again at 2.30 o'clock p.m. on Tuesday, May 5, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

COMMITTEE ROOM No. 276,

THURSDAY, April 30, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have our quorum, and the Committee will come to order. I do not think that Mr. Marlow was quite finished.

W. T. MARLOW recalled.

By Mr. Symington, K.C.:

Q. Mr. Marlow, in connection with your suggestion about the rates with the continent being lower because of a German endeavour to put British shipping out of being, how long has that been going on?—A. I referred more particularly to the Westbound situation. It has been going on for the last two or three years.

Q. I notice that your remarks have been discussed in Washington and that Mr. O'Connor, Chairman of the Shipping Board says it is new to him?—A. I saw the item in the paper this morning.

Q. It appears you know more about that than he does?—A. I do not know what he has in his mind. My remark, as I remember it was that there was something approaching a rate war in that situation.

Q. Caused by the desire of the Germans to put British shipping out of being?—A. That is my idea, I expressed it as my opinion.

Q. Purely an opinion. Now, how do the rates on the Summer routes to Halifax and St. John compare with the rates to Montreal?—A. Are you speaking of the ocean rates?

Q. Yes, Westbound?—A. I am not familiar with that. We have no service to Halifax and St. John in the Summer season.

Q. Do you not know whether the rates to Halifax or St. John are more or less?—A. I am inclined to think they are the same as to Montreal.

Q. There are boats running there?—A. There are boats running there.

Q. I am instructed that, with respect to the same cargo quoted from England, on some commodities quoted from England, the price to a Halifax and St. John dealer is more than the quotation to Montreal?—A. I am not aware of that.

Mr. SYMINGTON, K.C.: Will the C.P.R. have anybody here to tell us something about the Westbound rates?

Mr. MONTGOMERY, K.C.: In the beginning of the week.

Mr. SYMINGTON, K.C.: We will deal with that later then.

By Mr. Symington, K.C.:

Q. Now, in connection with what we were dealing with at the adjournment, I am going, with the permission of the Committee, to read a few entries from those minutes and ask Mr. Marlow if he has any comment to make upon them. Exhibit 12-A, dated 22nd June, page 36—A. June 22nd, 1920.

Q. Yes (Reads).

"It was also noted that certain inquiry had arisen for Government wheat after August 31st and after discussion it was decided that the Committee would be guided by New York action in the matter. It being pointed out that a differential of 1/ per quarter must obtain between the Montreal and New York rates."

Have you any explanation or anything to say about that?—A. Not without reference to the minutes.

Q. I can give you the minutes if you want them. There are two points to which I direct your attention, first, that on those rates you would be guided by the action of New York; and secondly, the maintenance of the differential in favour of grain rates from Montreal, that is a higher rate from Montreal than from New York. Was that the policy at that time?—A. I believe that at the time we thought we ought to get 1/ higher from Montreal than the rate from New York.

Q. You pretty consistently maintained that position?—A. Do you mean previously?

Q. No, later?—A. No, we have not.

Q. You maintained it for some time, did you not?—A. I don't remember that.

Q. Then we will deal with that later. On October 26th page 13—Nickel is a matter essentially Canadian, is it not, or very largely?—A. It is.

Q. You will find an entry there

"Nickel Matte Chairman was instructed to write to Mr. Sydney E. Morse, Secretary, the North Atlantic U.K. Freight Conference, requesting that rate on Nickel Matte be made \$13.00 per gross ton, the same rate as on Copper Matte, in view of competition having been withdrawn."

Have you anything to say about that?—A. The only thing I can say about that is that there probably was a reduction brought about through some competition at the time, and that we restored the rate when the competition was removed. Are you referring to the minutes of October 5th?

Q. October 26th—the first item. You have nothing you want to say about that?—A. Nothing to add to what I previously said.

Q. Then I refer you to the minutes of November 30th, at page 8. "Apples":

"A telegram was submitted from Sir R. L. Borden addressed to the Canadian Government Merchant Marine stating Nova Scotia Shippers Association have chartered six steamers to carry 75,000 barrels apples to United Kingdom and have offers of six more steamers but are willing to utilize the regular liners on equal terms and asked the regular lines to give matter all such consideration as may be possible.

"It was decided to take this question up at the Conference meeting in New York on December 2nd."

That is, the Premier wrote with respect to rates on Nova Scotia apples—A. Wrote to the Canadian Government Merchant Marine.

Q. Who referred it to your Committee, and you decided to take the matter up at the Conference meeting in New York?—A. The Canadian Government Merchant Marine, it will be noted, joined with us in that decision.

Q. Quite so; then, on December 14th, at page 5—A. May I make a remark with regard to that?

Q. Yes?—A. It will be noted that the date is November 30th, and the meeting was to be held on December 2nd in New York. That would be but a few days subsequent, and would perhaps be the most convenient day for all of us to be together to-day. There does not seem to be anything extraordinary about that.

[Mr. W. T. Marlow.]

By the Chairman:

Q. It does not strike you as extraordinary, Mr. Marlow, that the Premier of this country should make a request to the government boats, and the government boats should refer that request to an Association which was going to meet in another country?—A. That would not strike me at all, Mr. Chairman. What strikes me as remarkable about it, is that the Canadian Government Merchant Marine did not make the rate requested by the Premier.

By Mr. Symington, K.C.:

Q. Then, turning to the next meeting, at page 6, "Apples":—A. Excuse me. I have not got the minutes noted as you have.

Q. It was the very next meeting—December 7th.

Hon. Mr. STEVENS: What year?

Mr. SYMINGTON, K.C.: 1920. "APPLES":

"It was noted that no action had been taken by the New York Conference when dealing with the proposition to meet the tramp competition of \$2 per barrel from Halifax; the rate, therefore, remains at \$2.50 per barrel"

That, apparently, was the New York decision?—A. It was the decision of all the lines.

Hon. Mr. STEVENS: I did not quite get that. Did they change the rate?

The WITNESS: They maintained the rate.

Hon. Mr. McMURRAY: What was that minute again? I did not get it.

Mr. SYMINGTON, K.C.: (Reading.)

"It was noted that no action had been taken by the New York Conference when dealing with the proposition to meet the tramp competition of \$2 per barrel from Halifax; the rate, therefore, remains at \$2.50 per barrel."

Mr. DUFF: And we lost the business.

Mr. SYMINGTON, K.C.: They subsequently got some of it—

Mr. DUFF: Not very much.

Mr. SYMINGTON, K.C.: —because they did come down later.

By Mr. Symington, K.C.:

Q. Then, on December 14th, the next meeting—at page 5:

"Apple Rates: The question as to when the \$2 rate would be effective was left to the lines for individual action.

"Mr. Nicoll reported that the S.S. 'Susquehana,' 'Canadian Beaver,' and 'Maerzak' had been chartered for loading between the 20th and 25th of December from Halifax and there were 137,000 barrels to be lifted by tramps prior to January 10th, and the prospects for their 'Manchester Corporation' and 'Castellano' were very doubtful."

And at the next meeting—A. Before we pass that, Mr. Symington, does that not show we were trading with the shippers? Apparently the Canadian Government Merchant Marine offered their own steamers for full cargo, the same as the tramps, and the rate came down from \$2.50 to \$2, and then, when they were offered the \$2 rate, they wanted \$1.75 or \$1.50; so it got to be a trading proposition. I might explain further that every year there are a certain number of small steamers, I think, the Scandinavians, which are employed in the West Indian trade and have to return to England for overhauling, and they are willing to take cargoes of apples or any other cargoes they can get, to save them going home empty.

[Mr. W. T. Marlow.]

Mr. DUFF: No, you are wrong. These Norwegian boats come over especially for the business.

The WITNESS: At this time, Mr. Duff?

Mr. DUFF: Yes, I remember the transaction distinctly; they were Norwegian steamers.

By Mr. Symington, K.C.:

Q. Now, passing to page 4, we will finish the entries with respect to this. The next meeting was of December 22nd:

"In view special meeting held yesterday afternoon when it was decided to maintain rate of \$2 per barrel against outside full cargo steamers at \$1.75 and \$1.50, no further action was deemed advisable."

That was the result, was it not, Mr. Marlow, of the Premier's representations with respect to Nova Scotia apples?—A. I do not care to answer that in that way. That seems to be the answer as to what was done in respect to the apple rate at that time.

Mr. MONTGOMERY, K.C.: I think we could save the time of the Committee and of my learned friend, if we make that clear—and I thought it was clear after the two weeks we have been on this inquiry. Whether the Committee approve or disapprove, it is abundantly evident that the trans-Atlantic traffic is divided on geographical and not on flag lines. It is not pretended that we have flag discrimination here. There are no boundaries on the ocean, and there is certain territory behind it which is common to a certain ocean route, and that it is dealt with on a common basis. Whether you think that is wise or unwise is another question, but the question of fact is abundantly established that that is the basis upon which the matter is drawn. Whether these Conferences meet in Montreal or New York—and they at times meet in one place and the other—that is the system which has been in vogue for many years, and is still in vogue, and we do not need to take up very much time proving that. It is common ground.

The CHAIRMAN: I do not think, Mr. Montgomery, that Mr. Symington's efforts are directed to that feature of the case; I think, rather, it is to bring evidence before the Committee tending to show that perhaps this arrangement of rates is not as beneficent to the Canadian people and the Canadian shippers as the lines would have us believe.

Mr. MONTGOMERY, K.C.: I do not wish to argue that point now. There will be time enough for that later on. My learned friend is only taking certain selections from the minutes, and the task devolves upon us to go through these minutes and select that which shows to the contrary. Your remarks, Mr. Chairman, and the questions of my learned friend all suggest that perhaps it is deemed to be a part of this inquiry that it shall be necessary to prove that rates applicable to the trades from Canada are made at Conferences which are more frequently than not held in New York. That is common ground between us to-day.

Mr. SYMINGTON, K.C.: That is not the question at all.

The CHAIRMAN: I do not think it makes any difference whether the Conferences are held in Hospital street Montreal or Wall Street in New York.

Mr. MONTGOMERY, K.C.: The remarks made from time to time would indicate to the contrary. We will be prepared to discuss these rates, and hope to satisfy you upon them. I would not think it was necessary to spend so much time upon the other feature, because it is frankly admitted.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. Now, Mr. Marlow, turning to Exhibit 12 B,—that is 1921—dated January 18th, at page 159, “flour”.

“The Head Line submitted telegrams exchanged with Mr. Morse advising that they intended to meet the rate of 30 cents of Moore & McCormack on flour for Belfast and Dublin. The other lines decided to meet New York’s request and maintain the present rate of 45 cents until further notice”.

Have you any comment to make on that?—A. Yes. That relates to competition to Irish ports between the Head Line from Canadian ports—who also operate services from New York—and Moore & McCormack from Boston.

Q. So it indicates two things; first, because there was competition on flour, the rate dropped from 45 cents to 30 cents to meet the competition?—A. It does in that particular case.

Q. And then, secondly, that the lines decided to meet New York’s request and maintain the present rate of 45 cents until further notice?—A. That was to other ports.

Q. To United Kingdom ports?—A. Quite so.

Mr. FLINTOFF: Is that a different exhibit number, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, 12B. Then, Colonel Gear told us they had nothing to do with cattle. I quote from Exhibit 12B, as of May 31st, at page 126:

“All lines agree to quote 23 cents per head on cattle and three cents per head on sheep to cover wharfage on livestock and feed; also Shipping Masters’ fees. If wharfage paid by railway lines to only collect 13 cents per head on cattle and two cents per head on sheep”.

What is your explanation of that, Mr. Marlow?—A. The explanation of that is that in Montreal there are certain incidental charges in bringing the cattle from the yards outside the harbour limits to the wharf. They have to be loaded into cars; they have to be taken out of the cars; they have to be tied, and there are certain fees paid to the Shipping Master and to the other harbour authorities in Montreal. In order that they would not have—

By Mr. Duff:

Q. Cattle do not go on the Articles, do they?—A. No.

Q. Then why pay the Shipping Master?

Mr. SYMINGTON, K.C.: It is called “wharfage”.

The WITNESS: I do not know why those charges are imposed; they are imposed on the shipping.

Mr. DUFF: The Shipping Master gets paid for the signing of the crew?

Mr. SYMINGTON, K.C.: And I do not see why it should be “wharfage”, when it is a railway haul:

Mr. MONTGOMERY, K.C.: I may inform you that I am told it is for the signing of the cattle men, Mr. Duff.

By Mr. Symington, K.C.:

Q. The point that bothered me, Mr. Marlow, was why they charged an individual 23 cents per head, and agreed to do it, but if the railway lines paid it, it was only 13 cents per head.—A. The idea was to relieve the shipper, as I stated, of certain incidental expenses that he would be put to. The reference to the railway paying it and thus reducing the charge is that if the steamship lines did not pay and assuming that the railways did, their charge would

[Mr. W. T. Marlow.]

naturally be less and the whole thing amounts to this, that they have taken a lot of annoying incidental charges and put them into a block charge and so facilitated matters for the shipper. If the shipper desires he can attend to all these affairs himself. The probability is that the smaller shipper will pay more than the larger.

Q. You do not say that you are collecting these for the railway. You said something of having to haul them in cars from the yards over to the wharves.

By Hon. Mr. Stevens:

Q. Would you pay the switching charge, for instance?—A. No. This is not the wharfage they have referred to. The system of wharfage in Montreal, if the Harbour authorities—I understand it is collected by the Harbour authorities of Montreal and the railway pay it for anything that moves on the railway and as the cattle came down from the yards just this side of Montreal they arrive at the steamship shed and the Harbour authorities say “you owe us so much.”

By Mr. Symington, K.C.:

Q. I ask why is it in the Minutes that you would get 23 cents from the shipper and only 13 cents from the railway if it is paid by the railway?—A. You are overlooking the other items. You are overlooking the shipping master's fee. That is part of the 25 cents.

Q. All lines agree to quote 23 cents per head on cattle 03 cents per head on sheep to cover wharfage on live-stock and feed, also shipping masters' fees. If wharfage paid by Railway Lines to only collect 13 cents per head on cattle and 02 cents per head on sheep—A. Apparently the wharfage is the difference between the 15 cents and the 25 cents.

Q. Do you mean the railways do not have to pay wharfage?—A. Yes, they do. They do not collect it twice from the shipper.

Q. If the Railway lines pay it direct to the Harbour Commission?—A. Yes.

By Hon. Mr. Stevens:

Q. Would that be cattle in slings? I think the term is free in “sling” or something like that. That is the cargo delivered right to the ship. The other would be in the shed alongside?—A. This, Mr. Stevens, is an arrangement as a facility to the shipper solely.

Q. But some of the charge is absorbed in one case?—A. No, none of it is absorbed. It is just a medium of payment, consolidating it into a lump sum.

By Sir Henry Drayton:

Q. Does that all go to the Harbour Board?—A. I am not a cattle carrier but I do not think the companies get any part of that.

Q. It all goes to the Harbour Commissioners?—A. It all goes to the Harbour Commissioners.

By Mr. Symington, K.C.:

Q. Turning to the meeting of May 31st—before leaving that, apparently the Conference, in any event, did deal with that feature of the cattle shipments?—A. The reason for it was that it was to announce it was a question as to whose responsibility it would be to do this in placing the cattle on board the ship from the cattle yard.

Mr. MONTGOMERY, K.C.: They have been confused in using the term “Conference” because they always speak of the United Kingdom Conference and the Canadian Liner Committee.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. This is the Canadian Liner Committee. If you will turn to page 126, the Minute, "rates on cattle; all members present affirm that they were not quoting less than \$40 per head." Do you remember the discussion?—A. No, I do not, for the reason that we were not cattle carriers at the time and we were not interested in the rate.

By Sir Henry Drayton:

Q. What is that date?

Mr. SYMINGTON, K.C.: May 31st, 1921. Mr. Lockwood was Chairman. That was at the office of Furness Withy?—A. He is with the Robert Reford Company.

Q. The same as Colonel Gear. And he was Chairman of that meeting. I notice you were present. Then turning to the Minute of June 21st, page 116, under:

"Cattle: Telegram was read from Toronto shippers complaining of the present rate of \$40 per head, claiming that inland and ocean freight was making present business unprofitable and almost prohibitive. Rate of \$40 per head as per Minute No. 5. Meeting May 31st, reaffirmed."

—A. I am sorry I can say nothing about the cattle rate because we do not carry them and I was not interested.

Q. You were the Chairman that day?—A. I was the recording angel.

Q. When Colonel Gear says "Cattle rates were never fixed by Canadian Liner Committee" it would not seem to be correct, would it?—A. My recollection is that they were fixed at one time but they are not to-day but I cannot speak positively.

Q. In any event there are the Minutes of the meeting of which you say you were the recorder, I take it it is correct?—A. Yes.

Q. How long did these meetings last?—A. Well, this one, I would say, would last about an hour or two.

Q. Having got this telegram from the Toronto shippers saying that this was a prohibitive rate what would happen?—A. I would imagine that the lines interested would discuss it amongst themselves. So far as I would be concerned, at this meeting I would be a very casual listener.

Q. In face of the complaint which was re-affirmed at that same meeting that same afternoon?—A. That is what the record says.

Q. Then again, at page 108, the Meeting of July 26th:

"Cattle: Agreed to quote not less than \$30 August shipment and \$40 for September shipment."

So that it was dealt with then also.—A. You will notice that I was not present at that meeting.

Q. Mr. Lockwood was. You were not present at that meeting. That is quite true. Who are the cattle shipping lines now, so that we may get this straight?—A. Furness Withy & Company; Robert Reford Company.

Q. Robert Reford Company are not shippers?—A. The Lines they represent.

Q. Do they not represent Cairns?—A. They represent Cairns, Thomson.

Q. Furness Withy?—A. Cunard.

Q. Not Furness Withy?—A. Furness Withy represents Furness Withy and the Manchester Liners. Both of these are cattle carriers and the White Star Dominion Line is a cattle carrier.

Q. Then turn to page 98, under date August 30th, 1921, under the heading:—

"Grain: Representative of the Intercontinental Transports Limited stated that he was experiencing difficulty in securing grain for his line

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at the rate of 5/9 per quarter as against tramp competition at 5/ and a fixture at this rate from Montreal for October was cited. He stated that his ships were not in a position to secure any appreciable quantity of general merchandise and were therefore particularly dependent on the grain for their cargoes. He suggested that they be permitted to meet tramp competition on grain agreeing to observe Conference rates on all other commodities. This was not satisfactory to the other lines and after extended discussion, involving conditions at the port and other phases of the present situation, it was decided to defer the matter for further consideration after the New York United Kingdom Conference September 8th."

The CHAIRMAN: What liner was that?

Mr. SYMINGTON, K.C.: The Intercontinental Transport Limited?

The WITNESS: I think that it has been stated that the rate on grain was fixed by the Conference up to about December 8th, 1921, and during this period that you now refer to it was a question of agreement between the lines as to what should be a proper rate on grain.

By Mr. Symington, K.C.:

Q. Then turn to page 95.—A. What is the date?

Q. September 16th, 1921. I have only a few more of these, Sir Henry. It sets out a wire received from Mr. Morse, the secretary in New York.

"Referring your telegram September 13th at special meeting New York Liner Representative to-day matter discussed and feeling expressed that in view of large amount of grain closed during August for Montreal movement up to end October and comparatively small amount obtained Northern range ports coupled with present congestion prevailing Montreal your reduction in Montreal rate uncalled for and fear your action will only make it more difficult for us to obtain grain without benefit to Canadian lines.

It was considered advisable to call a special meeting at 3 p.m. September 16th, and after the subject had received a very thorough discussion the Chairman was instructed to despatch the following message to Secretary Morse:—

Replying to your telegram 15th all line considerably short of their grain requirements for September and October and have practically nothing booked for November the bulk of the grain booked via Montreal being for tramp tonnage which has crowded the port to the detriment of the regular lines using their berths and causing general congestion. (stop) We cannot get grain at 5 and 3 and are reluctantly compelled to make our rate 5s heaving grain and 4 and 9 oats September and October otherwise grain will be taken by tramps which are operating freely at five and under and liners will get nothing (stop). Large quantities grain now going via Buffalo."

At this time I notice, in all these wires, Mr. Marlow, you seem not to quote under the tramps?—A. That may have been so at that time.

Q. And it did continue up to 1924?—A. I am not certain of that.

Q. Did you ever know of a year prior to 1924 where the liners had a less rate than the tramps, in the aggregate, I mean?—A. Well, I don't know in the aggregate, when the tramp rate has been higher than the liner.

Q. Before 1924?—A. Before 1924.

Q. Then turning to page 163, January 3rd.

"Agricultural Implements: Mr. Nicoll advised the meeting that shipments formerly proceeding from Canada to Manchester were now
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being forwarded to Havre for trans-shipment to the United Kingdom at a lower rate than what was demanded by the commodity list."

A. That is in another year now.

Q. No, that is the same. It is going back to the same year, January 3rd, 1921. So that as early as January, 1921, you could apparently ship agricultural implements cheaper to England via the continent than you could direct?

—A. My recollection is that the Continental Conference was formed in 1921 and therefore things would be—I won't say things would be—the rates would be more or less various at that time.

Q. So that the formation of the Continental Conference would remove that situation?—A. I don't know that it ever removed it but it would bring about some general uniformity.

Q. My instruction is that it has continued even up to this time. Is that not so?—A. There was a period in the Continental Conference, I think in 1922, when there were very few fixed rates.

Q. Has it not continued up to to-day that agricultural implements can be shipped to the continent cheaper than to the United Kingdom, and can be shipped to the United Kingdom via the continent cheaper than to the United Kingdom?—A. I know they can be shipped to the continent cheaper than to the United Kingdom, but whether they can be shipped to the United Kingdom via the continent, I do not know.

Q. You do not remember Massey-Harris making that objection to your Committee?—A. I remember them making objections, but I do not remember them making that specific objection.

Q. Is it the fact, or has it any influence, that the rate on grain charged by the liners is because they want grain for ballast?—A. Certain steamers must have the grain for ballast.

Q. Is it lower at any other time, than the tramp rate, except for ballast?—A. Oh yes, I think generally throughout 1924 the liner rate prevailed lower than the tramp.

By the Chairman:

Q. Mr. Marlow, the statement has been made, without doubt correctly, that during the summer of 1924 the tramp rate on grain was higher than the liner rate on grain. Now take over a period of four or five years, would that be true?—A. I could not say that, Mr. Chairman, without looking it up.

Mr. SYMINGTON, K.C.: I think I asked someone to get that before. I made that statement with one of the earlier witnesses, with Col. Gear, I think it was.

By Mr. Symington, K.C.:

Q. Then at page 79, the same year, November 15th, Grain. "Canadian Lines decided to reduce rate on Oats to 3/6. The Chairman was instructed to notify Mr. Morse that in view of tramp competition Canadian Lines are unable to obtain higher rates from Portland and St. John than New York rates." That was the policy you said you had to achieve, to have a higher rate from the St. Lawrence?—A. No. Are you speaking of St. John? Did you not say St. John?

Q. Yes.—A. We do not regard that as the St. Lawrence. We do not regard those ports as the St. Lawrence.

Q. We will say St. John then; the Canadian ports.—A. The condition in the winter time was this: the New York lines are in a position probably to get a premium over the Canadian rate, on account of the greater facility they have in handling the grain via Buffalo as against our ports.

[Mr. W. T. Marlow.]

By Sir Henry Drayton:

Q. As against our winter ports?—A. As against our winter ports.

By Mr. Symington, K.C.:

Q. At this time apparently you had tried to maintain the winter port rate?—A. We had tried to maintain the New York rate and found we could not get grain on that basis and therefore we had to reduce it.

Q. What you say here is that you were unable to obtain higher rates?—A. Well it may be higher than the New York rate and we had to reduce it to the basis of the New York rate.

Q. Turning to December 15th of that year.

"Owing to it being found impossible for the Special Committee appointed for the purpose to agree upon rates at meeting held Wednesday, December 14th, at five p.m., it was determined to call a special meeting of the General Committee to discuss the situation and advise the Grain Committee. After considerable discussion, it was the unanimous opinion that owing to competition from Boston and other ports, it would be impossible to maintain rates that were on a higher basis than those in operation from the ports in question, and the Special Committee were therefore advised that in the opinion of the General Committee it would be necessary to meet competition."

That was the opinion you came to in the end of December of that year?—A. That was the conclusion.

Q. Turning back to June 4th, Mr. Marlow, you dealt with that subject yesterday. It is at page 125.—A. Of the same minutes?

Q. Yes.

"The members of the Canadian Lines, after the New York Conference having decided upon a minimum rate of 6 shillings on wheat and barley and 5/3 on oats per quarter, the question was raised as to whether this was not too great a difference over New York and might result in shipments being diverted via Buffalo to the American seaboard. In view of the figures submitted by Mr. Marlow on rates from Fort William and Bay Ports to Montreal in comparison with Buffalo, it was decided there was nothing to fear from this competition and that the difference arranged for might be maintained. It was decided to fix the Canadian flour rate at 28 cents based on 5 shillings wheat rate, Canadian rate of exchange, and the following telegram was sent to Secretary Morse."

You remember that, Mr. Marlow. So that at that time you were maintaining a considerably higher rate?—A. Out of Montreal.

Q. And you retained the flour rate of 28 cents as opposed to the American rate at that time of 21?—A. Yes. My recollection is that at that time there was a difference in exchange against us.

Q. Surely nothing like that.—A. Oh, at one time the difference in exchange between Montreal and New York went up to eighteen cents on the dollar.

Q. Canadian flour, Mr. Marlow, was being shipped from Canadian ports on Canadian boats?

SIR HENRY DRAYTON: What was that date?

MR. SYMINGTON, K.C.: June 4th, 1921, Sir Henry.

By Mr. Symington, K.C.:

Q. Canadian flour was being shipped from the Canadian ports—and grain—and what has the American rate of exchange got to do with it on a quotation

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in Canadian money, not in sterling?—A. Well, we have admitted already that we were maintaining higher rates on Canadian flour, and that matter has already had the attention of the Imperial Shipping Committee and been disposed of, I understand.

Sir HENRY DRAYTON: I suppose really it is the same position as the arrangements made by the Interstate Commerce Commission in connection with the railway freight rates. There is a differential allowed there, based on the exchange. I suppose really it has to do with a situation that one would like to get away from if he could; I suppose that is what Mr. Marlow is talking about—and it does not seem to me to be something that ought to be a controlling factor at all—would be that when they are getting so many cents more, there was such a depreciation of the Canadian dollar at the time as against the American dollar, that they would be on a parity or somewhere near that in rates.

Mr. SYMINGTON, K.C.: That is the argument no doubt. Speaking of the railway rates, I was in that case. The theory there of course was, that a certain portion of the haul being in the United States, they had to pay the United States Railway in American funds, and the United States Railway had to pay their workmen in American funds. But here the Canadian boat would not be hauling Canadian flour through the United States.

Sir HENRY DRAYTON: It comes back to the question of the parity of the dollar, if you adopt that as the basis.

Mr. MONTGOMERY, K.C.: I submit that the Canadian dollar would not buy the same amount of sterling that the American dollar would, and that these British boats are all handled and paid and to a large extent carried in sterling on the other side and it would involve a considerable difference; the difference between the Canadian and the American dollar came directly into play.

Mr. SYMINGTON, K.C.: Perhaps we can get away from that argument. This was maintained long after the exchange came back to practically the same, and was only removed by the Imperial Shipping Committee on their report.

By Mr Symington, K.C.:

Q. Wasn't it, Mr. Marlow?—A. You mean the differential between the rate on American and Canadian flour?

Q. Yes.—A. Yes, that is true.

Hon. Mr. STEVENS: That is admitted, is it not, Mr. Symington?

Mr. SYMINGTON, K.C.: I was calling attention to the fact that it is an exchange argument.

Mr. MONTGOMERY, K.C.: That flour was not an exchange argument. It was a differential fixed by the United States Shipping Board. We should not confuse the two.

By Mr Symington, K.C.:

Q. Then turning to 12C, page 261. January 3rd, 1922.

"The flour rates. The question of rates on sack flour was again raised and it was the general feeling of the meeting that the present tendency to reduce rates both on grain and flour by lines from U.S. ports is to be deplored as an unnecessary waste of revenue. After considerable discussion it was decided to defer any action in December until after the meeting of the Conference in New York, on 5th inst., and meantime all lines agreed to maintain the 24 cent rate."

At that time, Mr. Marlow, if my recollection serves me, the United States Shipping Board were trying to reduce the rates on flour were they not?—A. I would not be able to say that, but it is quite probable.

[Mr. W. T. Marlow.]

Q. In any event the Canadian Lines—A. Were of the opinion that the flour rate should be maintained at that time.

Q. And you agreed to maintain the 24 cent rate at that time?—A. That is true.

Q. Then January 24th, page 255. Mr. Wood—he was of the Canadian Merchant Marine, was he not?—A. Yes.

Q. “Mr. Wood announced that he had been called to attend a meeting of the Railway Commission on Wednesday 25th inst., in connection with rail rates, and as a deputation from a certain group of Ontario millers were to be in Ottawa the same day, interviewing the Minister of Trade and Commerce, Mr. Robb, he anticipated being called on and questioned as to the position of the Canadian Steamship Lines in so far as their asking rate on flour was concerned. The question was very thoroughly discussed and the reasons governing the stand of the St. Lawrence Liners clearly outlined, and the Committee finally going on record as being opposed to the artificial flour rate promulgated by the United States Shipping Board.”

So that it was the Shipping Board who were reducing rates on flour and the Canadian Liners feared they would have to follow suit, is that it?—A. I think you have got to go back to how the United States rate on flour came about.

Q. Granting that it was a political move on the part of President Wilson, that does not have anything to do with it.—A. Do you think that would be sufficient reason for the Canadian Lines to do business below an economic basis?

Q. I am not arguing whether it is economic or not; I am simply putting forth the facts.—A. Well that is the reason the Canadian Lines did not reduce the rate to that basis.

Q. The United States Shipping Board before, and the Canadian Liners did not.—A. That is true.

Q. Very good. Apparently Mr. Wood of the Merchant Marine was to take the part of the Liners before the Minister on that occasion?—A. I don't think that was his object in seeing us at all. I think he came to see us as to what he would say to the Minister when he met him.

Q. And you will find on February 7th he reported back and you gave him a vote of thanks.

Sir HENRY DRAYTON: Before leaving the question of the flour differential, Mr. Symington, I suppose we will have figures dealing with that question later on?

Mr. SYMINGTON, K.C.: Yes, they are getting them for me.

Sir HENRY DRAYTON: What would be very useful would be to have, if we can, the real truth as to the difference in cost. There have been a lot of statements made, filed in other enquiries, and some of those statements run as high as 16 cents a hundred pounds. Others are very much lower.

Mr. SYMINGTON, K.C.: I may say, Sir Henry, in going through the correspondence, the biggest difference I have found has been eight cents.

Sir HENRY DRAYTON: That is in cost?

Mr. SYMINGTON, K.C.: In the rate.

Sir HENRY DRAYTON: No, the difference in rate ought only to be justified by an increase in cost of handling flour as against grain.

Mr. SYMINGTON, K.C.: I see.

The CHAIRMAN: Do you think, Mr. Symington, we could usefully ask the witness what his opinion is as to what would be a fair differential between grain and flour?

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: I understood this witness to say you could not fix it on that basis at all.

By Mr. Symington, K.C.:

Q. Did you not say that, Mr. Marlow?—A. I said that as the rate on grain is such a fluctuating rate, it would be difficult to make a fixture; but I understand, Mr. Chairman, we will be able to give you something on that later, on this question of flour versus grain, because Sir Henry asked for some figures on that yesterday.

The CHAIRMAN: If the figures are being prepared, I do not want to urge it now, but I would like to find out what the difference of cost of handling is.

Sir HENRY DRAYTON: That is just the point.

The CHAIRMAN: That does not depend on the fluctuation in the price of grain or the fluctuation in the price of flour.

By the Chairman:

Q. What does it cost you to take a certain given quantity of wheat, put it on your boat, take it across the ocean and discharge it on the other side, as compared with a like weight of flour?—A. We worked it out at different times. I remember I was one of a deputation who met the millers in Sir George Foster's office, I think it was probably three years ago or more, and at that time my recollection is that the rate on grain was 45 cents, or 40 cents, and the rate on flour 65 cents. It seemed to me at that time that we fully justified our position. We had prepared the actual cost of handling on both sides, the difference in stowage on flour as against grain, and the claims feature.

By Mr. Duff:

Q. And the difference in space?—A. I said the difference in stowage, Mr. Duff.

Q. That is the same thing?—A. It was thought at the time that our case was a fair one, and after we were heard the millers were asked if they doubted our figures; I believe they said they did not, and then they pressed the Minister to have the Canadian Government Merchant Marine carry flour even if it had to be done at less than cost. The answer of the Minister at that time, as I recall it, was that if he had to offer a subsidy to the flour shipper in that form he did not see how it could be refused to every shipper and manufacturer in the country. However, as I stated, we will prepare the figures on the present basis of rates and submit them.

By Sir Henry Drayton:

Q. Did you ever have a proper array of figures based upon the proper mechanical loading and unloading of flour, Mr. Marlow? I know we have not had the facilities, but now I see no reason why we should not have them, and if you had those proper mechanical facilities, those costs would come down tremendously.—A. It is difficult to get any mechanical device which will just suit the loading of flour into a liner ship at Montreal, for the reason that as you load your ship you come across space in different parts of the ship suitable for flour; you commence then the loading of the flour until that space is filled, and if you are getting near the boilers or near some other compartment where there is some other cargo liable to taint the flour, you have to stop and put in other cargo next the flour.

Q. If you thought the flour was in sufficient quantity to justify another compartment, as you thought it would have been, you could have the mechanical carriers and have the cost cut down to almost the cost of the

[Mr. W. T. Marlow.]

grain movement?—A. Our experience has been that we cannot get flour in those quantities. Sometimes we are looking for flour and can get none, and at other times it is in greater lots than we can accommodate.

Q. If it is in greater lots than you can accommodate, certainly cheap mechanical loading would be the whole thing?—A. On those occasions, certainly.

By Mr. Symington, K.C.:

Q. Just one more in '22, April 30th, 1922, page 229.

"Sugar: It was reported that British U. S. port lines were calling at Halifax and taking sugar at 20 cents per 100 pounds as against the Canadian Lines' agreed minimum rate of 25 cents per 100 pounds. Attention was called to the fact that Secretary Morse had never been advised of the understanding that Canadian Lines would maintain a minimum of 25 cents from Canadian ports when they concurred in the proposal for open rates on Sugar to meet Reardon Smith Line competition. The Chairman was instructed to write Secretary Morse asking that he circularize all Lines with a view to having them agree to the rate of 25 cents per 100 pounds on Sugar from Canadian ports."

That was subsequently arranged, Mr. Marlow?—A. It was.

Q. That is what seems to have occurred, and in that case the Canadian refiner was paying 25 cents and the American 20 cents at that particular time. What seems to have occurred in this and many other commodities seems to have been that because of this pest, this Reardon Smith Line, there was a great deal of stuff shipped from the United States at the lower rate than was shipped from Canada?—A. There is no question about it, that Reardon Smith carried traffic at lower than the Conference rates, and also that at times the Conference Lines who were confronted immediately with this Reardon Smith competition, met it.

Q. That is the result of the competition?—A. That is my answer.

Q. And that through that competition the Canadian man interested in whatever article such as that, was put at a disadvantage?—A. Not for long. Wherever we thought he was suffering through any such thing as that we always went to his aid.

Q. But you always kept after the competitive line?—A. We always kept after the competitive line.

Q. Now, turning to 12-E, the 1924 Minutes, while I have not had time to go through them very thoroughly, hay was on an open rate?—A. It was an open rate in the Conference.

Q. It was dealt with the same as the other open rates in the Conference?—A. No. Sometimes the Committee will say "We will ask 30 cents on hay." Sometimes they do not mention it at all. But at any time any line may quote anything it likes on hay.

Q. Now let us take November 18th of the Minutes of last year; "Hay. It was considered that a rate of 30 cents might be established and maintained to all United Kingdom ports until further notice."—A. That was one time probably when we did think that 30 cents was the right rate. I presume you appreciate that 30 cents is a very low rate on hay.

Q. It may be, I do not know anything about it. All I am getting at is that the open rate on November 30th, 1924, was fixed at a meeting of the North Atlantic Conference.—A. All we use it for is to fill in. It stows in 210 cubic feet.

Q. It is one of those rates declared by the Conference in New York to be open?

By the Chairman:

Q. But it is not open as between the different Lines in Montreal?—A. It was not at that time.

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: I am only reading the minutes, Mr. Chairman.

By Mr. Symington, K.C.:

Q. So in these minutes I find that right up to the end of the year you fixed the grain rates and the flour rates?—A. Just as I have given it. We rather record them in the minutes.

Q. You can use any term you like in regard to that.

The CHAIRMAN: Just to make this thing clear, as between the different Lines in Montreal it is not an open rate, it is a fixed rate?

Hon. Mr. McMURRAY: To be maintained.

By the Chairman:

Q. Am I not right—to be maintained?—A. It was at that time and would be to-day. I am correct in saying that we have no rate we will quote on hay.

Q. Am I right in passing the opinion that that is because not much hay is going forward at this time?—A. I am not in a position to say that.

By Mr. Symington, K.C.:

Q. In connection with the suggestion, Mr. Marlow, that one way of meeting this difficulty was Conferences—I think that is one way either you, Col. Gear or Mr. Cleminson made the suggestion—between the shippers, and I want to refer you to a minute of the Conference at page 31, under date of March 15th, 1924:—

"The Shippers' Conference of Greater New York. Letter from Mr. J. A. C. Jansen, Chairman, Export and Import Committee of the Shippers' Conference of Greater New York, dated March 1, 1924, was read, with regard to joint meeting between a shipper or group of shippers, or an organization representing shippers, to discuss rate adjustments or other matters of mutual interest. Secretary was instructed to reply that the rates are the result of individual action of the various lines which compose the Conference, and shipper should therefore apply to the Line, or Lines, over which he is shipping, to consider any feature with regard to rates on his particular commodity. Should, however, a condition arise where it would be of mutual interest to both the shipper and the Lines to arrange for a joint Conference there would be no difficulty in dealing with the matter in this way."

Is that the way the New York Conference generally dealt with these matters?—A. No. The explanation of that is that it rests with the particular person who writes the letter.

Q. I notice you were the Chairman at that meeting?—A. Yes. Mr. Jansen is the Traffic Manager of Klipstein & Company, of New York, and I do not think he represented the shippers in such a widespread or broad way that he would lead you to think in that communication.

Q. At any rate, Mr. Jansen was the Chairman of the Export and Import Committee of the Shippers' Conference of Greater New York?

Mr. MONTGOMERY, K.C.: That is what Mr. Jansen called himself for the moment.

By Mr. Symington, K.C.:

Q. That is your explanation, Mr. Marlow?—A. That is my explanation. As a matter of fact, they are interested only in chemical traffic.

Q. I have gone through these minutes. Can you suggest that you were ever present at a Conference in New York when there was a joint meeting

between the Conference and the shippers?—A. Yes, and I have presided at them.

Q. What men?—A. The leather men, the lumber men.

Q. In New York?—A. Yes.

Q. I understood Col. Gear to say that it was the Committees? A. I am telling you what I have done.

Q. Is it recorded here?—A. No.

By the Chairman:

Q. Was that answer to Mr. Jansen sent with your approval?—A. With my approval?

Q. Yes.—A. No. It was approved by the Conference as a whole.

Q. But you were the Chairman of it?—A. I only presided to keep order.

Q. Some Chairmen have a very serious view of their responsibilities. Forgive me if I continue this a moment. What was the answer made to this Mr. Jansen, that the rates were not agreed to in Conference?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: The rates were the results of individual actions on the part of the Lines.

The CHAIRMAN: Let me put it the other way round. Did I properly appreciate the purport of it?

Mr. SYMINGTON, K.C.: You appreciated it the same way as I did; I don't know whether it is right or not. What he says is that the "Secretary was instructed to reply that the rates are the result of individual action of the various Lines which compose the Conference, and Shipper should therefore apply to the Line, or Lines, over which he is shipping, to consider any feature with regard to rates on his particular commodity."

The CHAIRMAN: You will correct me if I have a wrong impression but that reply seems to be made out of whole cloth.

Sir HENRY DRAYTON: I think what one can say about this is that it is technically correct, but hardly frank. As a matter of fact the Liners do send out the rates, but they are settled before they send them out.

The CHAIRMAN: And as a matter of fact that would mislead the correspondent.

Mr. SYMINGTON, K.C.: The rates are in a tariff of the Conference; that is where the rates are.

Sir EUGENE Fiset: A Departmental action.

Sir HENRY DRAYTON: We are learning something, I see.

Mr. MONTGOMERY, K.C.: We did not want to meet Mr. Jansen on his particular representation of the shippers of America.

The CHAIRMAN: On the basis that if a person asks a question in which complete truth is not present, the reply may be morally of the same nature.

Mr. MONTGOMERY, K.C.: That is the philosophical question I referred to.

The CHAIRMAN: Go on to the next.

By Mr. Symington, K.C.:

Q. While I accept your statement, Mr. Marlow, that is the only reference I can find of the Conference in these minutes.—A. I can say that we have met the leather men and the lumber men.

Q. It struck me that it was peculiar that that feature should come up in connection with Mr. Cleminson. At page 24, which is the meeting of June

[Mr. W. T. Marlow.]

9th—I only cite this perhaps as an indication of how strong are the ties of this light and airy Conference—paragraph 417:

“Canadian National Exhibition, 1924

This Exhibition will be held in Toronto. Request was presented from the Federation of British Industries, London, for reduction of 25 per cent from eastbound rates on exhibits, which are eventually returned to England, but individual lines did not feel they should make any modification of their notified rates,”

and none was made. That is the minute of June 9th, New York.

Mr. MONTGOMERY, K.C.: Once again the flag waves.

By Mr. Symington, K.C.:

Q. Then there is a minute on page 22 of a meeting in New York on July 9th, 1924, in respect to a joint brokerage committee, in which you came to certain conclusions:

“(e) *Resolved*, that if the foregoing resolutions are unanimously adopted by the other interested Conferences, namely, the Adriatic, Black Sea and Levant Conference, Brazil Conference, Far East Conference, Intercoastal Conference, North Atlantic Continental Freight Conference, River Plate Conference; that Mr. H. Conner be appointed as representative of this (joint) Conference on the Joint Standing Brokerage Committee.”

I am not suggesting rates, but that resolution was with respect to paying brokerage upon freight, as I think you will see—A. We do not pay brokerage, and that is the general practice of the Canadian lines; that is, not to pay brokerage. The United States lines, particularly in New York, do pay brokerage, and that has reference to a uniform practice in respect to brokerage. I might explain to the committee that the season the question was discussed at that time was that there was some question in the minds of the steamship lines as to whether they were paying brokerage to firms who were legally entitled to receive it under the Transportation Act, and therefore some uniform action was necessary to give protection to the steamship lines, so that it might not be a party to what might be proved to be an indictable offence.

Q. The resolution apparently provides that the North Atlantic Conference was prepared to put this into effect when the other interested Conferences took similar action. I am only quoting it to show that—is this a proper deduction—in matters in which you are jointly interested there is a communication between these various Conferences which I have read?—A. That is the first time I have known a question of that kind to be dealt with by all the Conferences named, and as I said before, the reason is that it was considered a very serious and important matter.

Sir HENRY DRAYTON: What were the terms of the resolution, Mr. Symington?

Mr. SYMINGTON, K.C.: It is a long resolution, setting forth:

“*Resolved*, that freight brokerage not to exceed $1\frac{1}{4}$ per cent may be paid only to bona fide brokers whose actual business—”

and so on.

Sir HENRY DRAYTON: Just confined to that question?

Mr. SYMINGTON, K.C.: Yes, just confined to that question.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. Then I would like to refer to the minute of the meeting of March 4th, 1925, or first the meeting of February 6th, 1925, in respect to what I referred to concerning the action, the judgment in which my learned friend put in.

"Secretary presented copy of the United States Shipping Board's decision dated January 20th, 1925, on 'The Port Utilities Commission of Charleston, S.C., et al v. The Carolina Company, et al No. 23; The Port Differential Investigation No. 26.'

The special committee re: Port Differential Investigation submitted recommendation that the following telegram be sent to the South Atlantic Steamship Conference and the Gulf Shipping Conference, provided that the Continental Freight Conference concurred, viz: 'At meetings of the North Atlantic Continental Freight Conference and United Kingdom Conference to-day'—"

those are the two North Atlantic Conferences, the Continental and the United Kingdom—

"United States Shipping Board's decision dated January 20 dissolving the Tri-Partite Agreement was noted and will be respected (Stop). If you so desire these Conferences will be very glad pending solution of the situation to keep you posted in general interest of trade of rate changes (Stop). Only rates changed to-day were—"

setting forth the rates.

"General discussion followed and on motion it was unanimously *Resolved*, that the recommendation of the Committee be approved."

And at page 3, the meeting of March 4th, the Committee reported:—

"Report for record that following replies have been received to telegram promulgated—"

they promulgate telegrams too—

"Under Min. 494, viz:

From South Atlantic S/S Conference, Savannah, Ga., February 10, 1925, viz:—

'Referring to your night letter of the 6th. Yes, this Conference desires that you continue to advise us of rate changes, etc., and we shall be glad to reciprocate.'

From Gulf Shipping Conference, New Orleans, La., February 12, 1925, viz:—

'Referring to your night letter of February 6th, I desire to call your attention to Minutes of Gulf/United Kingdom Meeting No. 256, held on Tuesday, February 10, under subject No. 1031 (Previous 1024), under which subject, you will note. I was directed to acknowledge receipt of your telegram to effect that, we likewise will respect the decision of the United States Shipping Board, abrogating the tripartite agreement, but that in the interest of trade conditions, will continue to furnish you with copies of tariffs, circulars and minutes which will indicate any modifications in Gulf rates'."

On that, I would like to refer also to the Minute or the rule that tariffs, minutes and anything that occurs in these Conferences are supposed not to be told to anybody who are not members of that particular Conference.—A. Mr. Symington, while you are on that, I would like to direct your attention to the words, "pending a solution."

Q. You have told us what you think the solution will be. You think it will be reformed and that you will be a member of it. That is what you told us,

[Mr. W. T. Marlow.]

was it not?—A. That the North Atlantic Conference would be a party to a new arrangement.

Mr. MONTGOMERY, K.C.: The United States Shipping Board would be bound to bring about some practical working arrangement, inasmuch as their boats sail from all three ports.

By Mr. Symington, K.C.:

Q. Now I show you a copy of an agreement which came from the Agricultural Conditions Committee, 1923, in order to clear up a question asked. This is an agreement between John Doe for exclusive shipments on Conference lines.

The CHAIRMAN: That will be exhibit 47.

Exhibit 47: Agreement between John Doe and Conference lines

By Mr. Symington, K.C.:

Q. This sets out the principle of the thing?—A. Yes, it does, contract rates.

Mr. SYMINGTON, K.C.: This is:—

"Memorandum of Agreement made this 1st day of January, 1923, between John Doe, hereinafter called the 'Shipper' and the Lines of the North Atlantic Continental Freight Conference, hereinafter called the 'Conference Lines'.

1. The Shipper, in consideration of the agreement of the Conference Lines hereinafter set forth, agrees to forward all shipments made or controlled by him of automobiles for Antwerp, Rotterdam, Hamburg, Bremen and points to which said ports are tributary by steamers of the Conference Lines. The quantity is estimated to be not less than..... per annum.

2. On consideration of said Agreement by Shipper the Conference Lines agree to carry all said shipments at the rate of 40c. per cubic foot."

At the bottom the rate, when not covered by contract, is 50c. Then, without reading the whole thing, the question was asked about signature. Clause 4 sets out the following:

"This agreement shall remain in effect months from date and thereafter until cancelled by either party on three (3) months' written notice. The signature of the Conference Secretary affixed is authorized by and is binding on all the Conference Lines of good standing which, of date, are mentioned below, severally but not jointly with respect to shipments to the ports to which the several Conference Lines operate steamers."

Mr. MONTGOMERY, K.C.: I think it would be well if attention is directed to clause 3, too.

Mr. SYMINGTON, K.C.: Yes, that gives them the right to ship on any Conference boat. It says:

"The Shipper shall have the right to select the steamer on which his goods shall be shipped, provided always that the steamer selected shall have sufficient unbooked space when the shipper's request for room is received, but no single Conference Line is obligated to load in a given month more than the average per steamer of shipper's total shipments for the three preceding months."

By Mr. Symington, K.C.:

Q. Mr. Marlow, that is generally adopted with respect to rubber, if I remember rightly?—A. Rubber tires.

[Mr. W. T. Marlow.]

Q. And some other commodities?—A. That is true.

Q. And if my recollection serves me, in each case the rate was ten cents cheaper?—A. About that.

Sir HENRY DRAYTON: Is there any guarantee as to a minimum quantity to be shipped under that by the contractor?

Mr. SYMINGTON, K.C.: No sir, it says, "quantity is estimated."

Sir HENRY DRAYTON: No guarantee at all.

Mr. SYMINGTON, K.C.: No guarantee.

The WITNESS: The idea was to secure the patronage of the shipper to the Conference lines.

By Mr. Symington, K.C.:

Q. You stated, Mr. Marlow, that this is open to any shipper?—A. Yes, it is open to any shipper.

Q. As a matter of practice, in any event from the correspondence I see here, you seem to go after the big shipper?

Mr. MONTGOMERY, K.C.: That is all there are on these lines.

The WITNESS: I do not think any of these contracts have been made in Canada, except such as we have followed to protect the Canadian shipper when the contracts have been made with American shippers.

By Mr. Symington, K.C.:

Q. What I was getting at, it struck me—you can correct me if I am wrong—that the big shipper knows of this contract, and pays that ten cent rate? Does the small shipper know of it?

The CHAIRMAN: He gets that 10 per cent discount.

By Mr. Symington, K.C.:

Q. Does the small shipper know about it?—A. It has not been a generally adopted rule. In the case of the rubber tires, if I recollect correctly, it came about this way. The Rubber Association of America went to the Conference of their own volition and said, "Here, we don't want to be bothered with this outside competition; we don't want to have that variation in rates; we want to be able to quote stabilized rates for the year. Will the Conference make an arrangement with us up to the end of the year, and we will in return give them our patronage at a stated figure to be agreed upon?"

Q. It seems to have arisen with a gentleman by the name of—A. Joebel, who represents the Rubber Association of America, and practically all the tire factories in Canada and the United States.

Q. You have got the Goodyear signature, I see?—A. Yes.

Q. The N.D.V.L.—whoever they are?—A. I do not know them.

Q. You appointed a special Rubber Committee in that case, of which Mr. Lockwood was Chairman?

The CHAIRMAN: Who was that?

Mr. SYMINGTON: Mr. Lockwood, of the C.P.R., I think.

The WITNESS: No, of the Robert Reford Company.

By Mr. Symington, K.C.:

Q. And he circularized the lines under date of July 26th, setting forth that they were at liberty to quote them 30 cents per cubic foot, but the rate was only to be given to the companies signing the agreement. A copy of the agreement was sent to the Canadian Consolidated Rubber Company who have wired their parent company for instructions to sign.

[Mr. W. T. Marlow.]

It says:

"Will the lines please instruct all their representatives that the 40 cent rate is to be quoted to any company who has not signed the agreement and only companies parties to the above agreement are to receive the reduced rate of 30 cents per cubic foot."

A. That is the general principle of the thing.

Sir HENRY DRAYTON: Did that apply to anything outside of automobile tires and automobiles?

Mr. SYMINGTON, K.C.: It applied to automobiles and tires. My recollection is that seeds was another one. I found a circular on that.

The WITNESS: Seeds, yes.

By Sir Henry Drayton:

Q. Anything else?—A. Yes. The United States lines carry a lot of lubricating oils, grease and paraffin wax. I think there is one in connection with that.

Q. What were the special circumstances in connection with the seeds?—A. The same thing; the seed shippers wanted a fixed rate—a stable rate; and you will find that all of the big seed companies in Canada were protected—such as the Steele, Briggs Company, of Toronto, those of Montreal, of Windsor, and so on.

Q. You say they quoted on lubricating oils. Did you do the same thing?—A. We do not carry any lubricating oils out of Canada.

By Mr. Johnston:

Q. Is it not a fact that these rates were considered not to be low enough?—A. The question is, were they low enough?

By Mr. Symington, K.C.:

Q. The question is that with the stability, they got a reduction of 10 cents?—A. That is right.

Q. There are only one or two more things about which I wish to ask you. I find a wire in the correspondence, dated at New York, October 27th, 1922, from Mr. Morse to you, which says:

"Continental Gulf proposes Tripoli flour open meet Vogman competition. Hamburg Bremen Committee approves. Does Canada"

to which you gave your approval?—A. We never saw a pound of Tripoli flour.

Q. Was that flour going to or from the Gulf?—A. From the Gulf.

Q. "Tripoli" is not a place? Is it the name of a flour?—A. It is the name of the flour.

By Mr. Duff:

Q. Is it not also the name of a place?—A. Yes, in Northern Africa.

Mr. SYMINGTON, K.C.: I confess that I thought that it was a place myself.

By Mr. Symington, K.C.:

Q. The Continental Gulf Conference proposed to open the rate on this flour to meet a gentleman by the name of Vogman in competition; the Hamburg Bremen Committee approved; New York approved; Canada approved. Is that correct?—A. That is right. That is just in conformity with the rules you have already filed.

Mr. SYMINGTON, K.C.: What I am pointing out is that Vogman, the Hamburg Bremen, North Continental, North Atlantic U.K. and Liner Committee's consent had to be given.

Mr. FLINTOFT: It does not come into competition with Canadian flour.

The WITNESS: We have no shipments of it from Canada.

Hon. Mr. STEVENS: If it were wheat flour, it would be a matter which would concern us very much.

By Mr. Symington, K.C.:

Q. Then, following the difficulty, Mr. Marlow, that you had with American shippers taking Canadian flour below your rates, you finally had fixed and promulgated by the New York Conference an agreement that Canadian flour was to be carried at that rate?—A. Yes.

Q. That was because American lines were carrying Canadian flour cheaper than your Canadian lines would do?—A. No; that was because we would not conform to the five-cent differential on flour over grain. We made our own rate, and we asked them to embody it in the tariff, and they did.

Q. And the tariff on flour was open excepting that flour of Canadian origin only was promulgated in a tariff of 22 cents per hundred pounds?—A. Correct.

Mr. FLINTOFT: What is the date of that?

Mr. SYMINGTON, K.C.: December 7th, 1922.

Mr. MONTGOMERY, K.C.: There is a lot to justify that position. The other result is equally hard on the ship-owner.

Mr. SYMINGTON, K.C.: Now, Mr. Marlow, I have here a lot of stuff which I had selected, but I think you have explained it. Here (indicating) is the Reardon Smith reductions. We have gone over that, so we need not go into it again.

The CHAIRMAN: This Reardon-Smith: Was that a company with two names or one man with a double-barrelled name?

Mr. SYMINGTON, K.C.: It is hyphenated; Reardon-hyphen-Smith—all on one line.

The WITNESS: No, that is not so. It was a gentlemen named Sir William Reardon Smith.

The CHAIRMAN: What an unknighly thing it is to be going around competing with the Conference lines.

By Sir Eugene Fiset:

Q. Does it still exist?—A. No, his line does not exist.

By the Chairman:

Q. Did the Conference lines absorb it?—A. No, we did not.

Q. What did you do?—A. I do not know.

By Mr. Symington, K.C.:

Q. You know, from the minutes, that you tried to absorb it? You sent a gentleman named Mr. Brookes,—with somebody else, to interview them.—A. We invited them to become members of the Conference, yes.

Q. And subsequently they fell by the wayside—they withdrew?—A. I do not know, except that I do know they took their boats out of the trans-Atlantic trade.

Mr. MONTGOMERY, K.C.: You might as well tell the whole story. They tried to take advantage of the Conference without being willing—

[Mr. W. T. Marlow.]

Mr. SYMINGTON, K.C.: To put up—

The WITNESS: Yes, when they came to visit us.

Mr. MONTGOMERY, K.C.: They tried to take advantage of the Conference without being willing to do their share.

The WITNESS: They proposed at that time that we should advance our rates. The argument they made at the time was that they realized the Conference rates were too low, and they suggested we advance the general Conference rates and let them quote what they were then.

By Mr. Symington, K.C.:

Q. That was not accepted?—A. That was not accepted.

Q. So the war went on?—A. A month or two afterwards they withdrew.

Mr. SYMINGTON, K.C.: My learned friend has some correspondence, but I think it is not here. There was, however, only one letter to which I wanted to refer. There is a reference in a letter of February 7, 1924, from Mr. Morse to Mr. Marlow, with reference to a refusal to lower a rate, and amongst the reasons given was one that the Canadians had insisted upon the 25 per cent advance. That was correct?

The WITNESS: That was on what, Mr. Symington?

By Mr. Symington, K.C.:

Q. In February, 1924—and if my learned friend will get me the letter I will show it to you—you applied for a lower rate on something to the Conference, which was refused, and one of the reasons given was that the American lines were not willing to meet you in this because the Canadians had insisted upon the advance which took place earlier—your horizontal advance? Is it a fact that the Canadians did urge that advance?—A. We, along with a majority of the members of the Conference, did urge an advance because we thought an advance in rates—as I have explained—was justified by the result of 1923.

Mr. SYMINGTON, K.C.: That is all.

RE-DIRECT EXAMINATION

By Mr. Montgomery, K.C.:

Q. In that connection, Mr. Marlow, possibly it would be better to leave it to the accountants to decide whether the rates you were obtaining in 1923 and again in 1924 were sufficient to maintain the traffic on the St. Lawrence—the accountants will give us the result in figures, will they not?—A. I believe they will.

Q. But you are familiar with them in so far as they are consolidated in the statement submitted by Price, Waterhouse & Company?—A. Yes.

Q. In your opinion, was it necessary, in order to preserve the steamship traffic on the St. Lawrence route, that an advance should be made?—A. I think it was.

Mr. SYMINGTON, K.C.: He said he knew nothing about the figures.

Mr. MONTGOMERY, K.C.: I said we would leave it to the accountants.

The WITNESS: I understood Mr. Montgomery to say that the accountants would prepare the figures, but he was referring to the statement by Price, Waterhouse.

By Mr. Montgomery, K.C.:

Q. Assuming the figures given by Price, Waterhouse to be correct, in your opinion, was an advance necessary?—A. I believe it was necessary.

[Mr. W. T. Marlow.]

Q. Some of the American lines, according to what my learned friend has just said, thought otherwise?—A. That is true.

Q. And the suggestion is made by my learned friend that but for the Conference the American lines in question would not have made that advance?—A. I do not think that is so.

Q. Assuming that it would be so, does that suggest to you any advantage in favour of the Canadian ship-owners—and in using the expression “ship-owners” I mean the ship-owners sailing to Canadian ports—and the Canadian shippers, if there was some arrangement by which rates should not be lower for American ports than for Canadian ports? Perhaps my question is a little long?—A. I do not quite get that question, Mr. Montgomery.

Q. In the first place, I suppose it is clear that it is to the advantage of the ship-owners sailing to Canadian ports, that the American rates should not be lower than the Canadian?

The CHAIRMAN: Or the American boats will get the business.

Mr. MONTGOMERY, K.C.: Yes, the American boats will get the business.

The WITNESS: Well, I quite agree with that.

By Mr. Montgomery, K. C.:

Q. And in the same way, looking at it from the point of view of the Canadian shippers, have you any idea of a comparison between the outgoing traffic from the United States and Canada? It must be very much larger from the United States? Is that it?—A. Oh! very much larger.

Q. The exports are very much larger?—A. Yes.

Q. They forward a much bigger movement in traffic?—A. There is no question about it. You have 110,000,000 against 10,000,000.

Q. They handle their export movement in a larger way than in Canada?—A. Very much.

Q. In many of these lines our Canadian industries are competing with them?—A. Yes.

Q. Is it to the advantage of the shipper that the American manufacturers cannot get a lower freight rate than the Canadian manufacturer? Is it to the advantage of the Canadian shipper?—A. Decidedly.

Q. Taking it by the size of the two countries, and their export business, which is likely to gain the most from some of the lines that will preserve stability of rates as between Canada and the United States?—A. I would think there was a decided advantage to the Canadian shipper.

Q. As well as the Canadian shipowner?—A. As well as the Canadian shipowner.

Q. And the Canadian St. Lawrence and port interests, generally?—A. I think so.

The CHAIRMAN: Do I understand the witness to say that individual shippers from the United States are larger than individual shippers from Canada?

Mr. MONTGOMERY, K.C.: I would expect him to say so. They are manufacturers who are exporting and doing a larger business than our manufacturers?—A. That is so.

Q. I was dealing with manufacturers?—A. Yes.

By the Chairman:

Q. Would that be the same in the flour milling business?—A. I would not say with regard to the export of flour at the present time that the American millers are larger than the Canadian. I would have to look that up. There are some very large milling interests over there such as Washburn and Crosby and Pillsbury.

[Mr. W. T. Marlow.]

By the Chairman:

Q. Take wheat. Have they got many larger houses than Richardson's?

—A. The greater part—I would say fully 75 per cent of the grain shipped out of Canadian ports is controlled in New York.

Hon. Mr. STEVENS: Shipments from the United States ports will not, of necessity, be greater than the individual exports of grain from our ports. If the grain is shipped by the same individuals via Montreal as via New York the individual shipments or the individual exporters may be just as large when the grain moves by our ports as when it moves by the United States ports. Am I not right?—A. I am rather puzzled at your question.

Q. Give me the name of a big American shipper of wheat.—A. Barnes-Ames.

Q. Will they ship as much out of the St. Lawrence route as via New York?

—A. No, they will not.

Q. Is Barnes-Ames bigger than Richardson?—A. Yes Julius Barnes was chief head of the wheat corporation.

By Mr. Symington, K.C.:

Q. You do not suggest that he is a bigger exporter than Richardson?—A. Yes, I think I do.

Q. I think you are wrong. I ought to know something about that.

Hon. Mr. STEVENS: Let us reduce it to actual facts.

The CHAIRMAN: Mr. Montgomery was endeavouring to show that the exports from American ports were not only greater in volume, which we would expect, but that the individual shippers were in a very much larger way of business than Canadian exporters. I was just doubtful of that general statement because it would seem to me—perhaps I am incorrect—that as far as flour and wheat were concerned, probably our individual exporters of these products were as big as the exporters in the United States.

Mr. MONTGOMERY, K.C.: Our natural resources are our chief exports where that would probably be the case but my attention was drawn to the subject by the numerous instances which my learned friend read where the Canadians had protested against the decrease in rate, reduction in rate on some manufactured product and I was trying to picture what the result would be if the large American exporters of these things was able to get a lower freight rate than the Canadian exporter and that apparently would be the case were it not for this Conference.

Mr. SYMINGTON, K.C.: The Canadian can ship by New York.

Mr. MONTGOMERY, K.C.: What I suggested to the witness was that something Canadian was bound to suffer by that, either the Canadian shipowner or the Canadian shipper, that if the traffic was diverted to New York it would be our carriers and our ports and everything else that would suffer. If the traffic could not be diverted to New York and had to be exported by our Canadian lines it would be the shipper or the manufacturer who would suffer. That is the thought I had in mind.

The CHAIRMAN: It would be against the interests of everyone to have freights out of New York generally lower than freights out of Montreal.

By Mr. Montgomery, K.C.:

Q. Were it not for the Conference would that not be the likely result?—

A. I would think if we had no relationship with the United States port lines and a rate war ensued they could put us out of business.

[Mr. W. T. Marlow.]

Q. Well now, then we will assume that you had to meet the American port rate; then if that rate was an uneconomic one the Canadian shipowner suffers?—A. That is so.

Q. If that results in a reduction in our ocean service from Canada the Canadian ports suffer?—A. The Canadian ports suffer.

Q. Where does that lead us to as to our conclusion as to which is likely to get the advantage of any arrangement with American shipping by which the stability of rates is maintained between North Atlantic ports?—A. I think there is a decided advantage to both the Canadian shipper and the Canadian shipowner.

Q. Apart from any theorizing as a Member of this Committee and as a representative of this Conference for several years, what can you say as the result of your experience along these lines? Is that because you have given merely a theory or the result of practical experience along these lines and the conclusion you have formed?—A. That is my opinion from my experience.

Q. Based upon an experience extending over the number of years you have described?—A. Yes.

Hon. Mr. McMURRAY: Is it your contention, Mr. Montgomery, that it is in the interest of this country that rates should be kept up.

Mr. MONTGOMERY, K.C.: That rates should be stabilized between North Atlantic ports and Canadian.

Hon. Mr. McMURRAY: That is your argument?

Mr. MONTGOMERY, K.C.: Yes. That rates should be stabilized as between the two. The question as to whether they should be kept up or not is a question of figures because I do not think anyone would argue they should be put down to a basis where they would not yield a fair profit to the shipowner, because eventually that will re-act against the trade, as an economic proposition, but the question as to whether they are too low or too high will be verified by the accountants. The thought was only suggested by the effort my learned friend was making to show a number of occasions on which Canadians had apparently protested against such reductions on ocean rates on manufactured products.

By Hon. Mr. McMurray:

Q. Is there more shipping out of New York in the summer months than there is out of Montreal in the summer season?—A. Most decidedly.

Q. How much larger, do you know?—A. I would say easily five times as large.

By Mr. Symington, K.C.:

Q. There are five times as many boats too and twenty times as many people who ship?—A. Yes.

By Mr. Montgomery, K.C.:

Q. My learned friend has asked both to-day and yesterday about the difference in rates from North Atlantic ports, distinguishing between United Kingdom ports and Continental ports. You have told us of the determination of the Germans to drive shipping interests out of the Continental ports.

Mr. SYMINGTON, K.C.: Of your information.

Mr. MONTGOMERY, K.C.: My learned friend says "of your information". Is there any difference of opinion about that among the people who know?—A. I think in Mr. Cleminson's examination in chief—and I would say that he is a fair authority on that—that was brought out, and that is my opinion also. I do not think there is any question about it.

[Mr. W. T. Marlow.]

By Mr. McKay:

Q. Do any of the shipping lines receive a Government subsidy?—A. I am not able to answer that.

Q. Can you answer it specifically?—A. I say I cannot answer it specifically.

By Mr. Montgomery, K.C.:

Q. In addition to this as a factor, is there any difference in the port charges—

Sir EUGENE Fiset: There was mention of simply Continental ports between themselves. They have no reference whatever to traffic as between the United States and Canada. He mentioned Antwerp, Hamburg, and also Liverpool and United Kingdom ports. We did not get any difference as between the United States and Canada.

The CHAIRMAN: I did not quite get that.

Sir EUGENE Fiset: When Mr. Cleminson gave his evidence he discussed traffic between the different U. K. countries. He did not mention Canada and the United States at all.

Mr. MONTGOMERY, K.C.: Mr. Marlow mentioned Mr. Cleminson's evidence and in his evidence Mr. Cleminson was discussing rates between Continental ports only. He did not discuss the rates between England and Canada nor the United States so therefore, the reference to Mr. Cleminson has hardly any bearing on the question. You are referring to Mr. Cleminson's evidence, Sir Eugene.

Sir EUGENE Fiset: Yes.

Mr. MONTGOMERY, K.C.: Mr. Mackenzie tells me that Mr. Cleminson said the cost was 67 per cent higher in the U. K. ports than in the Continental ports. That is what I was coming to.

Mr. DUFF: We do not discuss matters between British and Continental ports. Our subject is as to matters between British ports and Canada and the United States.

Mr. MONTGOMERY, K.C.: As I understand it the criticism is that the charges are lower between the North Atlantic Canadian or American ports to the Continent than they are to London or Liverpool.

Mr. SYMINGTON, K.C.: The other way on.

Mr. MONTGOMERY, K.C.: They are lower to a Continental port than they are to Liverpool.

Mr. SYMINGTON, K.C.: That is not the charge. The charge is that they are higher to the United Kingdom.

Mr. MONTGOMERY, K.C.: If you attach importance to the distinction, Mr. Symington, I will let you develop it.

The CHAIRMAN: Proceed now, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. A reference has just been made to a difference in port charges. Is that a factor as well in the United Kingdom vs. Continental Ports?—A. It is a decided factor. I have some figures here which might be of interest to the Committee, on the relative costs of loading and discharging at United Kingdom and Continental Ports. The first are the comparative costs of loading 1,000 freight tons of general cargo at United Kingdom and Continental Ports, on a steamer of 5,000 tons net register.

United Kingdom Ports, London cargo charges—that is stevedoring and so on— $3/5\frac{3}{4}$ per freight ton. Port charges 10/1. Total $13/6\frac{3}{4}$. Liverpool.

[Mr. W. T. Marlow.]

The CHAIRMAN: It would be better to compare London with a Continental Port so that we can contrast the one with the other.

The WITNESS: I think it might be clearer, Mr. Chairman, if I read the United Kingdom Ports and then put the Continental against it the way I have it in the statement here.

Hon. Mr. STEVENS: Why not transcribe it in Hansard, the way it is.

The CHAIRMAN: I think the Committee will want to hear it read.

Sir EUGENE Fiset: Oh yes, read it out first.

The CHAIRMAN: If you do not mind, compare London with Hamburg, Liverpool with Rotterdam, and so on, so that we will get the idea as we go along.

The WITNESS: Well, I have finished London then. This is for loading. The total charges, at London, are 6/6 $\frac{3}{4}$, or practically 7/-. Taking Hamburg, as against that. Cargo charges 2/3 per freight ton. Port charges 5/9 $\frac{1}{4}$ per freight ton; total charges 8/0 $\frac{1}{4}$. There is a difference of 5/- a ton right there.

Liverpool:

Cargo charges	4/2 $\frac{3}{4}$
Port charges	8/7
Total	12/9 $\frac{3}{4}$

Taking Rotterdam against that:

	Per freight tons
Cargo charges	2/10
Port charges	4/3
Total	7/1

Glasgow:

Cargo charges	4/1 $\frac{1}{2}$
Port charges	6/10 $\frac{3}{4}$
Total	11/0 $\frac{1}{4}$

Antwerp:

Cargo charges	2/4
Port charges	2/4 $\frac{1}{2}$
Total	4/8 $\frac{1}{2}$

Now underneath that is the comparative cost of discharging 3,000 tons of freight at United Kingdom and Continental ports from a steamer of 5,000 tons net register.

The CHAIRMAN: I see that that is Calcutta cargo. Is that of real interest to us?

Mr. DUFF: No, just take the Transatlantic ports.

The WITNESS: No, Mr. Duff, I think you have misunderstood. The cargo that was taken was the cargo of a steamer from Calcutta, but as regards illustrating the comparative costs, it does not make any difference where the steamer comes from, because it is the same cargo in each port.

Hon. Mr. STEVENS: Since it is the same cargo in each port, it does not make a bit of difference.

The CHAIRMAN: It would be very interesting for us to know the difference of cost of handling in Great Britain a typical cargo from Canada, rather than from Calcutta.

Mr. MONTGOMERY, K.C.: Does it make any difference if you take the same cargo from both? I can understand if you compare a cargo of one type with a cargo of another type, the record might be misleading, but if you take the same cargo it does not matter whether it is one thing or the other in reference to the port charges.

[Mr. W. T. Marlow.]

Hon. Mr. STEVENS: You are comparing United Kingdom ports with Continental ports, in port charges. It does not make any difference what cargo you are handling, as long as it is the same in both cases.

Mr. DUFF: Why deal with freight rates to or from Calcutta or charges on Calcutta cargoes?

Hon. Mr. STEVENS: He is not. It simply happens that this cargo came from Calcutta. The nature of the cargo makes no difference as long as the same is used in both cases.

Mr. SYMINGTON, K.C.: My instructions are that it makes all the difference in the world.

Mr. MONTGOMERY, K.C.: Where did you get your instructions?

Mr. SYMINGTON, K.C.: I received my instructions from Sir William Petersen, and he says it makes all the difference in the world.

Mr. MONTGOMERY, K.C.: We do not seem to be in agreement with Sir William Petersen on anything that we touch in this Committee.

The CHAIRMAN: Mr. Montgomery, let me make this suggestion: if for instance there were equal elevator facilities for handling grain at London or at Rotterdam, we might have an approximation of costs at both those ports.

Mr. MONTGOMERY, K.C.: For grain.

The CHAIRMAN: Yes, for grain; and it seems to me although I am quite willing that this statement should go in, that a comparative statement of the same sort, made in respect to cargo shipped to and from Canada, would be of very much more value to us.

Hon. Mr. STEVENS: Mr. Chairman, why not let them put in this statement now, because all that I am interested in for the moment is the port charges in these two districts. Then let the witness or some other witness produce a typical Canadian cargo, lumber, wheat, flour, or such like, only let it be the same on both sides of the comparison.

The CHAIRMAN: Exactly. I am quite willing.

Hon. Mr. STEVENS: Then let us go on with this. I think this is a very excellent comparison.

The WITNESS: It gives you a good idea on general cargo.

The CHAIRMAN: Go on then. We will follow Mr. Stevens suggestion, which is a wise one.

By Mr. Duff:

Q. In these figures you are giving you are taking cargo that has originated in Canada or the United States and goes direct to the United Kingdom and Continental ports?—A. That is what we are going to do. I understand that we are to get that for the Committee.

Q. You are not giving us now port charges where the ship first calls in England and then goes to a Continental port or vice versa, where she pays two port charges?—A. No, we are not giving you the actual charges of any vessel. We are giving you the rate per ton.

Q. If a ship puts in at both Southampton and Cherbourg and pays two sets of port charges, she could go direct to Cherbourg and have only one port charge to pay.

The CHAIRMAN: This is only one port charge at each end.

The WITNESS: United Kingdom ports is the heading of this.

	Per freight tons
London:	
Cargo charges..	3/9
Port charges..	3/1
Total..	6/10
Hamburg:	
Cargo charges..	1/5
Port charges..	3/2 $\frac{3}{4}$
Total..	4/7 $\frac{3}{4}$
Dundee:	
Cargo charges..	1/10
Port charges..	3/10
Total..	5/8
Rotterdam:	
Cargo charges..	1/11 $\frac{1}{2}$
Port charges..	1/8 $\frac{1}{2}$
Total..	3/8
Antwerp:	
Cargo charges..	1/1
Port charges..	9
Total..	1/10

The CHAIRMAN: We will produce this as Exhibit Number 48, and I will order it printed, because I think it is of real value.

Exhibit No. 48: Comparative costs of loading and discharging freight in United Kingdom and Continental ports (Steamer of 5,000 tons net register).

EXHIBIT No. 48

Filed by Mr. MARLOW

COMPARATIVE COSTS OF LOADING 1,000 FREIGHT TONS OF GENERAL CARGO AT UNITED KINGDOM AND CONTINENTAL PORTS ON A STEAMER OF 5,000 TONS NET REGISTER

United Kingdom Ports		Continental Ports	
	Per freight ton		Per freight ton
London—		Hamburg—	
Cargo charges..	3/5 $\frac{1}{2}$	Cargo charges..	2/3
Port charges..	10/1	Port charges..	5/9 $\frac{1}{2}$
Total charges..	13/6 $\frac{1}{2}$	Total charges..	8/0 $\frac{1}{2}$
Liverpool—		Rotterdam—	
Cargo charges..	4/2 $\frac{1}{2}$	Cargo charges..	2/10
Port charges..	8/7	Port charges..	4/3
Total charges..	12/9 $\frac{1}{2}$	Total charges..	7/1
Glasgow—		Antwerp—	
Cargo charges..	4/1 $\frac{1}{2}$	Cargo charges..	2/4
Port charges..	6/10 $\frac{1}{2}$	Port charges..	2/4 $\frac{1}{2}$
Total charges..	11/0 $\frac{1}{2}$	Total charges..	4/8 $\frac{1}{2}$

COMPARATIVE COST OF DISCHARGING 3,000 FREIGHT TONS OF CALCUTTA CARGO AT UNITED KINGDOM AND CONTINENTAL PORTS FROM A STEAMER OF 5,000 TONS
NET REGISTER

United Kingdom Ports		Continental Ports	
	Per freight ton		Per freight ton
London—		Hamburg—	
Cargo charges..	3/9	Cargo charges..	1/5
Port charges..	3/1	Port charges..	3/2½
Total charges..	6/10	Total charges..	4/7½
Dundee—		Rotterdam—	
Cargo charges..	1/10	Cargo charges..	1/11½
Port charges..	3/10	Port charges..	1/8
Total charges..	5/8	Total charges..	3/8
		Antwerp—	
		Cargo charges..	1/1
		Port charges..	9
		Total charges..	1/10

By the Chairman:

Q. May I ask you, Mr. Marlow whether these figures in Exhibit 48 are your own compilation?—A. No, these are figures that we obtained from England, from a ship-owner in England who handles such ships.

Q. Now you will get us as soon as you can, a similar statement showing precisely the same information in respect to typical Canadian ships with typical Canadian cargoes trading out of Canadian ports to United Kingdom and Continental ports, and return cargoes.

Mr. JOHNSTON: Mr. Chairman, should we not know the ship-owner who supplied these figures?

By the Chairman:

Q. Could we get that, Mr. Marlow?—A. I can supply that. I don't think there would be any difficulty.

Mr. RINFRET: Will the new Exhibit that you have asked for, Mr. Chairman, also be embodied in the record?

The CHAIRMAN: Yes, that will be put in, the same as we will put this one in.

Sir EUGENE Fiset: If these port charges are such an important item in the fixing of rates, how can we accept the statement that has been made that it is sometimes cheaper to send goods from the United States to a Continental port, pay the dock charges there, and then send to England and pay the dock charges there, and still pay less for the transportation of those goods than if shipped direct to England?

Mr. MONTGOMERY, K.C.: In the same way, Sir Eugene, as in the case of the considerable drop in the duty on tweeds. The buyers in Montreal who had the goods lying in bond there, shipped them back to the Old Country, paying the ocean freight on them, and then shipped back and re-imported here, again paying the ocean freight, all to save the difference in duty on the value. The ocean freight is nothing compared with the other.

By Mr. Duff:

Q. How do port charges at London and Liverpool compare?—A. London is very expensive as compared with Liverpool. You go up the Thames and there is lighterage and a variety of docks miles apart.

Sir EUGENE Fiset: In the case I referred to, they shipped goods to Antwerp, and then sent them on to England and the total rate was cheaper

than if they had been sent direct to London. Of course that is the general freight rate and not only the port charges.

Hon. Mr. STEVENS: It would be interesting, General, to know the magnitude of such a movement.

Sir EUGENE Fiset: It was asbestos, a bulky cargo.

Hon. Mr. STEVENS: If it was a general movement, it would be appalling.

The CHAIRMAN: There are substantial shipments.

Sir EUGENE Fiset: These were shipments of asbestos.

By Mr. Symington, K.C.:

Q. To get this cleared up, do I understand that these differences shown of six at London and four at Hamburg are per ton?—A. Per ton, yes.

Q. This is on a thousand ton cargo. The difference of a shilling a ton would not make much difference in the rate?—A. No.

Mr. SYMINGTON, K.C.: It makes a tremendous difference to the chap who sells your commodity, but not to the chap who sells you the rate.

Mr. MONTGOMERY, K.C.: Anything that affects our costs makes a difference.

Mr. SYMINGTON, K.C.: But one shilling per ton does not mean ten cents per hundred.

Sir EUGENE Fiset: The rate per ton from Montreal to Antwerp is \$2.50 per Maritime ton, and the rate from Montreal to England is seventy shillings per hundred Eastbound and forty shillings per hundred Westbound, or \$15.68 per ton to British ports. It is simply impossible to understand it.

The CHAIRMAN: What do you say the difference is between Continental and British ports?

Sir EUGENE Fiset: \$3 and \$15.

The WITNESS: I was asked by the Committee yesterday to produce certain rates on asbestos. I can now give them, and perhaps they will answer the General's question. Montreal to Liverpool, Fibre up to 70 feet 60 cents per 100 pounds; over 70 feet 80 cents per 100 pounds. Asbestos, crude and sand 50 cents per 100 pounds. Montreal to Antwerp, Fibre up to 70 feet 55 cents per 100 pounds; over 70 feet, 75 cents per 100 pounds. Crude and sand, 45 cents per 100 pounds. From New York to Antwerp, the same. From Antwerp to New York and Montreal, 35 shillings for 40 cubic feet.

Mr. MONTGOMERY, K.C.: Perhaps they are confusing the cubic feet.

By Hon. Mr. Stevens:

Q. Whose rates are you giving us now—Conference rates?—A. Yes, Conference rates.

Q. To-day?—A. Yes.

Q. In force now?—A. In force now.

By Sir Eugene Fiset:

Q. How old are your figures, Mr. Marlow?—A. They are to-day's. I had them telephoned from Montreal, with the object of answering the enquiry made here yesterday.

Q. The quotations I have are from the C.P.R., the White Star, the Dominion, and the Robert Reford Line.—A. On 70-foot Fibre, that would work out from Antwerp to Montreal at the rate of 35 shillings per 40 cubic feet, in the neighbourhood of 48 to 50 cents per 100 pounds. But I do not know of any return movement of asbestos fibre, unless it might be, as described in the tariff, in cases, and I would fancy that it has undergone some refinement or process of manufacture.

[Mr. W. T. Marlow.]

Sir EUGENE FISET: That is what I quoted, the manufactured product.

By Mr. Montgomery, K.C.:

Q. You were dealing with some of the factors that went into the lower rate sometimes prevailing in favour of the continental ports as contrasted with the United Kingdom ports. Have you anything more to say upon the subject, Mr. Marlow?—A. Continental competition vs. British competition?

Q. Yes?—A. I would like to give the Committee, in better words than I can express it, what I think of the question of continental competition. I am giving it from a report made by Sir Frederick Lewis, who is at the head of the Furness-Withy Company, who are decidedly involved in this question of ocean rates. Sir Frederick says:—

"There is one phase of the Preston report which I think deserves attention, and that is the question of continental competition. It is unfortunately true that through force of circumstances British steamship lines are accepting lower rates of freight from continental ports than from home ports, but so far from this being a settled policy of discrimination, it is a state of affairs against which the steamship lines are striving daily. As in practically all cases of controversy, it is necessary to review the historical aspect of the matter, in order to get a proper perspective. Unfortunately it is no new problem, as it has always existed in greater or less degree, but the present situation is aggravated by post-war factors. Immediately after the war was over there was a general anticipation that there would be great activity from certain of the continental ports which had been entirely closed during the war, and in consequence many new lines came into the trade. For the first year or so freights were good owing to the general shortage of tonnage, and moreover these new continental owned lines in the majority of cases were able to operate very cheaply owing to depreciating currencies. Gradually, however, the situation underwent a change, the supply of tonnage exceeded the demand for space, and world freights became unremunerative, and as a result some of the new continental lines lost so much money that they disappeared. Some, however, have remained and others have appeared, and these lines have endeavoured to maintain their position by quoting rates of freight which are far below an economic level. In order to maintain their goodwill in these trades, the Conference Lines, British and foreign alike, have had to meet what is in effect a rate cutting competition. At one stage the rates that were accepted were actually less than the bare cost of handling the cargo in and out of the ships, leaving nothing for the transportation service. In a great many cases where statements have been made by British manufacturers that they have lost foreign orders on account of cheaper freights obtainable from the continent, it has unfortunately been shown that the freight represents such a comparatively small percentage of the C.I.F. value of the goods that it has had no practical bearing upon the result, and that the orders would in any case have gone to continental manufacturers.

It is also true to say that the steamship expenses at the continental ports are much cheaper than in the United Kingdom, the difference representing several shillings per ton, particularly if the time occupied in loading and discharging is taken into account, and this has an important bearing upon the freight situation; but the basic fact remains that the existing rates are below an economic level, and to reduce all rates to that level would make matters worse than they are.

It is obvious that steamers cannot continue to trade if they are expected to carry cargoes at rates which do not cover the costs of

operation, and the remedy for the continental situation is the levelling up of the continental rates, which is gradually taking place, coupled with a general reduction in expenses at the United Kingdom ports, for which your directors have been working very strenuously for the past two years."

The WITNESS: I think it is well for the Committee to know what are the facts in connection with the difference between the United Kingdom and continental rates.

The WITNESS: I have read all I want to quote.

The CHAIRMAN: He said at the beginning that he would like to give the Committee, in better words than he could express it, what he thought of the question of Continental competition. I think he spoke with undue modesty.

The WITNESS: Furthermore, it rather substantiates what I said yesterday, and what Counsel for the Government questioned in that report quoting the representative of the Shipping Board. I said that there was a rate cutting competition in the Continental trade, yesterday.

By Sir Eugene Fiset:

Q. Particularly from Germany?—A. Particularly from Germany.

By Mr. Montgomery, K.C.:

Q. Have you finished with that statement?—A. Yes, thank you.

Q. While we are dealing with comparative rates, considerable attention was given yesterday to the butter rate, New Zealand vs. Canadian ports to the United Kingdom. Have you looked that matter up at all, Mr. Marlow?—A. Yes. I have been making some enquiries from some of the shipping gentlemen from the other side, and I find, as I stated, that the Lines in the trade from New Zealand to the United Kingdom employ fully insulated vessels. A fair example of one is the Maioma. That vessel has 322,805 cubic feet of insulated space, in other words refrigerator space.

By Mr. Rinfret:

Q. Can you say when she was built?—A. In 1920.

Q. The reason I put that question is that yesterday we were given to understand that these ships were built before the war.—A. I did not know that, Mr. Rinfret.

Q. I was just trying to make this point, that surely these insulated ships would cost more than ordinary ships, and that therefore it was rather surprising that the rate could be the same as the rate charged from Canadian ports?

Mr. MONTGOMERY, K.C.: It did look rather surprising at first, and that is why I have asked Mr. Marlow to give the explanation.

Mr. RINFRET: I hope we can get the explanation. The reply was that the ship was built before the war and at low cost.

The CHAIRMAN: I think he stated it might have been.

Mr. RINFRET: Yes. I am not inferring that the information was mis-given, but the reply would not apply to that ship at all.

Mr. MONTGOMERY, K.C.: I would think any one would concede that a ship of that kind might well cost more than the ordinary ship.

Mr. RINFRET: That is why I asked about the rates.

Sir EUGENE Fiset: The name of the ship might have been mistaken.

The WITNESS: May I proceed?

The CHAIRMAN: Yes, proceed with diligence.

[Mr. W. T. Marlow.]

The WITNESS: That is the class of ship in the trade between New Zealand and the United Kingdom. I understand they have probably weekly service. I understand their cargoes are fairly full of of this class of cargo requiring refrigerator space, and paying comparatively high rates of freight. My information further is that the shippers, through co-operative societies or associations, enter into contracts with the shipping companies whereby they engage to pay for the space whether the shipments go forward or not. I am informed further that the rate on cheese in the refrigerator space is 170 shillings per ton of 2,240 pounds, the equivalent of \$1.80 per 100 pounds, roughly, and that the rate on butter is \$1.50 per 100 pounds.

By Mr. Montgomery, K.C.:

Q. That seems rather an anomaly?—A. It would seem an anomaly that the rate on cheese is higher than the rate on butter, but if you consider as a possible explanation that these ships are fully refrigerated, and that the majority of the cargo they carry perhaps consists of frozen mutton, carcasses of rabbits, and butter and other commodities requiring for the most part frozen temperatures, that the smaller portion would require the higher temperature which would be necessary for the preservation of cheese.

The CHAIRMAN: You would think that would make cheese lower, because you would not have to keep the temperature down so low.

The WITNESS: Not if the whole ship is fitted to give you the frozen temperature.

Mr. SYMINGTON, K.C.: That would be a mechanical matter, and you do not know whether it can be done or not.

The WITNESS: We know it can be done.

The CHAIRMAN: However, what we are worried about is not so much the difference between the rates on butter and cheese, but why it should cost the fellow who produces butter say in the Eastern Townships of Quebec—Mr. Montgomery, for instance, is a farmer; why should butter made from his cows, going from Montreal, have to pay \$1.50 a hundred when his competitor in New Zealand is able to send his butter at the same price. You owe an explanation to your counsel.

Mr. MONTGOMERY, K.C.: I develop a home market, Mr. Chairman.

The WITNESS: We would probably be in a position to make Mr. Montgomery a lower rate on butter if he would guarantee the quantity and pay the freight whether he shipped or not.

By Mr. Duff:

Q. Would it not be well for us to know the refrigerator space in these boats leaving Montreal?—A. I will give you that.

Mr. FLINTOFT: Has he finished his answer? He was going to make some explanation.

By Mr. Montgomery, K. C.:

Q. You have the figures available which Mr. Duff asked for as to refrigeration space?—A. Yes, but I do not know what I have to say in addition to the question where I was interrupted.

Mr. DUFF: Go ahead; never mind me; I will ask for that later on.

Mr. MONTGOMERY, K.C.: I think it cannot come at a more convenient time.

By Mr. Montgomery, K. C.:

Q. You have given us the space on the ship you described. For comparison, suppose you give us similar figures for typical C.P.R. ships.—A. The Canadian Pacific ships have about 37,000 cubic feet of refrigeration space.

[Mr. W. T. Marlow.]

Q. What was the other figure on that New Zealand boat?—A. That New Zealand boat had 322,000, or about ten times as much.

By Mr. Duff:

Q. So that if you got ten times as little cargo as the New Zealand boat, you would not be out anything by the fact that you both had refrigerator space?—A. We would be in the same position as the New Zealand boat.

By Mr. Montgomery, K. C.:

Q. Now take the ship as a whole. You agree with Mr. Duff as to that particular feature?—A. Yes, I do.

Q. Now take the ship as a whole, and the class of cargo; how is that, from a freight point of view, as compared with the class of cargo with which your ship will be loaded on a typical Canadian voyage, such as one on which butter is carried?—A. Do you mean what percentage?

Q. No, the class of cargo generally, which would permit the rate to be made.

Sir HENRY DRAYTON: A comparison of the loadings is what you want.

By Mr. Montgomery, K.C.:

Q. You have mentioned that these refrigerated boats carry butter, frozen meats, and that sort of thing?—A. That is it.

Q. What class of cargo is that, from a freight point of view?—A. It is a very high class, high paying cargo.

Q. Take the corresponding boat of the C.P.R., which has the refrigerator space which you have given. Would she have probably the same class of cargo?—A. She would have perhaps 60 per cent grain and flour, a low class of cargo.

Q. Then, if you could fill your ship—

Sir EUGENE Fiset: What is the space again?

Mr. MONTGOMERY, K.C.: 322,000 feet.

By Sir Eugene Fiset:

Q. Is it divided into chambers?—A. Usually in the holds of the vessels.

Q. You said yesterday seven times the cubic feet was inside the chambers?—A. It is in the type of vessel employed in the Canadian trade.

Q. That is the type you are describing now?

Mr. FLINTOFT: No, that is the New Zealand boat.

By Mr. Montgomery, K.C.:

Q. If you could fill your ship with the class of cargo with which the New Zealander fills his ship, would it make any difference in the rates?—A. Decidedly.

Mr. MONTGOMERY, K.C.: That is right, Mr. Duff, is it not?

Mr. SYMINGTON, K.C.: I would not say so.

By Mr. Duff:

Q. If you had no insulation on your ship at all, your gross freight would not be nearly as much, would it?—A. Sometimes it would be more.

Q. Not with grain and so on?—A. No, but when you have a portion of your ship insulated, that portion is not very much good for other cargo not requiring refrigeration, so that that space in the ship is lost if there is not sufficient demand to fill it, and there is no other cargo suitable for that space.

By the Chairman:

Q. If there is not sufficient demand to fill it with refrigerator cargo?—A. No.

[Mr. W. T. Marlow.]

By Mr. Duff:

Q. Is not the butter rate higher than the ordinary rates?—A. Yes.

Q. For the space taken in the ship?—A. Yes.

Q. And you usually have your chambers filled with this cargo?—A. No, we do not. That is the unfortunate part of it.

Q. You do not fill the 37,000 cubic feet?

By Mr. Montgomery, K.C.:

Q. Can you give us any figures to show what percentage butter represents of your cargo?—A. In taking all the Canadian Pacific cargoes for 1924, butter represented .35 of one per cent of the cargo, one-third of one per cent of the cargo.

The CHAIRMAN: I presume, Mr. Montgomery, that calculation is made upon all ships, whether insulated or not?

Mr. MONTGOMERY, K.C.: We have no insulated ships here.

The CHAIRMAN: All ships, whether they have refrigerator space or not?

Mr. MONTGOMERY, K.C.: If you will wait, he will give you the figures and the percentages of the space occupied and unoccupied.

By Mr. Duff:

Q. Then why do you have your insulated space?—A. We have to have the refrigerator space to take care of the demand when it is fully in demand, which are the summer months of the year in the North Atlantic, but in the winter season we do not need the refrigeration in the North Atlantic.

Q. Of course, you are at a disadvantage there.—A. For several months of the year, do you see.

Q. But you can fill that space with other goods?—A. Not always.

Q. You do not lose the space entirely?—A. It is unfitted for many classes of cargo.

Q. There are many classes you are able to put in there?—A. There are some classes.

Hon. Mr. STEVENS: Before passing from this,—I do not want to interrupt you, Mr. Symington, but I would like before we leave this subject to ask a question or two.

By Mr. Duff:

Q. Do the New Zealand ships always have a full cargo?—A. I understand they have full cargoes usually.

Q. I understand you to say you do not always have your 37,000 cubic feet filled, but you think they have their 322,000 cubic feet full?—A. I would not say they always have them exactly full.

Q. Likely some times they go without a full cargo, though, so they would be in the same position as you?—A. No, because they have a ship fitted for a very much higher class of cargo, and they do carry a very much higher class of cargo all round.

By Mr. Montgomery, K.C.:

Q. I understand, Mr. Marlow, from what I have read of the Imperial Shipping Committee's proceedings, that the space is contracted for; they enter into contracts?—A. I mentioned in the first part of my evidence that the ships contract to pay for any space unoccupied in these ships.

The CHAIRMAN: They make a firm contract for the space.

Mr. SYMINGTON, K.C.: For a certain amount of space.

Mr. MONTGOMERY, K.C.: The full ship.

[Mr. W. T. Marlow.]

The CHAIRMAN: Perhaps you have a lot of these figures, and we may be anticipating questions you are going to ask.

By Mr. Duff:

Q. Mr. Marlow, you have told us that the butter is one-third of one per cent of the total cargo. Do you know how much space butter takes up in the New Zealand boats?—A. No, I have not those figures. You mean what relation the butter bears to the whole cargo?

Q. Yes?—A. I have not got that.

By Mr. Montgomery, K.C.:

Q. But, in any event, the ships—and you are speaking entirely from the information which you have—carry throughout a fairly high-class cargo?—A. Yes. I would say it is something like this; that the cargo, or probably two-thirds of it, would be made up of such cargo requiring insulation, and it would not matter if it were frozen mutton, or frozen rabbits, or butter, or whatever cargo it might be.

Mr. DUFF: What is the rate on mutton?

Mr. MONTGOMERY, K.C.: I think Mr. Symington has that.

Mr. SYMINGTON, K.C.: What was it you wanted, Mr. Duff? The rate on beef or mutton?

Mr. DUFF: Mutton.

Mr. SYMINGTON, K.C.: Mutton is one and one-eighth pence per pound.

The WITNESS: Yes, that is right.

By Sir Henry Drayton:

Q. What?—A. One penny and one-eighth per pound—a penny and half a farthing per pound.

Mr. DUFF: That is \$2 per hundred.

Mr. SYMINGTON, K.C.: Just about.

The WITNESS: No, a penny is two cents.

By Mr. Duff:

Q. Two cents a pound would be \$2 a hundred?—A. Yes, and one-eighth more than that.

Mr. DUFF: That is a pretty high rate; it is higher than butter.

Mr. SYMINGTON, K.C.: Yes, it is higher than butter.

Sir HENRY DRAYTON: That would be \$2.25 a hundred.

Mr. SYMINGTON, K.C.: It is higher than cheese.

Mr. DUFF: Mr. Montgomery's point is that it is—

Mr. MONTGOMERY, K.C.: A very high-class cargo.

Mr. DUFF: Yes, a very high-class cargo.

Mr. MONTGOMERY, K.C.: I think that clears up the butter question. I understand Mr. Stevens has a few questions to ask.

Mr. SYMINGTON, K.C.: The members of the Committee would get much better evidence on this subject from the evidence taken in the New Zealand Inquiry of the Shipping Ring. That does not give nearly as favourable a story as Mr. Marlow. They said that they were nearly all losing money; it was being made in other trades, but not in that trade.

Mr. MONTGOMERY, K.C.: It would be about, as one might say, a fortiori "we say, and hope you will believe it." I believe Mr. Stevens wanted to ask some questions in regard to butter.

[Mr. W. T. Marlow.]

The WITNESS: Just one moment, if I may be permitted to interrupt. I want to get it in the record that the Canadian lines for the year 1924, had an average of 48 per cent of their refrigerator space not booked throughout the season.

By the Chairman:

Q. Not used?—A. Not used.

By Hon. Mr. Stevens:

Q. Not paid for?—A. Not paid for—48 per cent.

Mr. SYMINGTON, K.C.: Not used for any sort of cargo?

By Mr. Duff:

Q. No kind of cargo, or not used for butter and cheese?—A. Not used for any kind of cargo. That is a check-up on each ship.

By Mr. McKay:

Q. That is for one year?—A. For the year 1924.

The CHAIRMAN: And the butter and cheese people have themselves to blame largely.

By Mr. Rinfret:

Q. Was that considered a very poor year?—A. No; last year, I would say, was a typical year as regards the amount of space used in the ships.

Q. You mean on these particular goods, or generally?—A. What particular goods do you mean, Mr. Rinfret?

Q. You were speaking of refrigerator space?—A. Yes; I mean with regard to all perishable traffic it is fairly typical. I only mention these figures to show that probably for one or two months of the year the space may all be in demand, and for the balance of the year you have that space on your hands, averaged over the whole year you find that 48 per cent was not used.

Mr. DUFF: That is not so bad. I am afraid you spoiled your statement. You say that for six months you would have your space filled entirely, and for the other six months you would have none?

The WITNESS: No, I did not say that. I said that for about two months we would have the whole space filled. 48 per cent was not used over the whole period.

By Mr. Duff:

Q. For six months you would have the whole space filled, and for six months you would not have any?

Mr. MONTGOMERY, K.C.: I understand there is a very high peak in this refrigerator cargo, and they have to have a refrigerator capacity to take care of that but this high peak does not divide itself so arbitrarily as between summer and winter—six months and six months. Perhaps Mr. Marlow can tell us a little more about that?

The WITNESS: That is true. In July and August there is a big demand for the space; it tapers off both ways after that, and during the winter it is scarcely used at all.

By the Chairman:

Q. In the winter time can you use that space for any other class of cargo?—A. You can for some, but you can put very little in there on account of the way the space is situated in the ships. There are the brine pipes and girders and all kinds of obstructions in there and it is not a handy place to store cargo. You enter it by little doors from the hold

[Mr. W. T. Marlow.]

The CHAIRMAN: Mr. Montgomery, can you finish with the witness before six o'clock.

Mr. RINFRET: There is one other question I would like to ask.

The CHAIRMAN: Go ahead, sir.

By Mr. Rinfret:

Q. On this point; is there any time in the year when these commodities can be shipped without having to use that space?—A. The Chairman asked me that. As I understand your question, it is as to whether or not we can use this space for other goods?

Q. No, just to the contrary. Can you ship these commodities in any other part of the ship than in those special chambers during a special season—when it is cold, for instance?—A. You would have to divide your cargo into classes to say that. For instance, there is a certain class of bacon and hams which might go in refrigerator space in the summer season, and that will stand ordinary stowage in the winter season, but they pay a lesser rate for that. On the other hand, butter is always shipped in refrigerator space.

Mr. RINFRET: That is my question.

By Mr. Duff:

Q. Any time of the year?—A. Yes.

By Hon. Mr. Stevens:

Q. What I wished to clear up was in regard to a reference made yesterday to the butter rate from Vancouver being the same as from Montreal. Now, Mr. Marlow, have you any explanation you can give to us, without my going into too much detail, in regard to that?—A. I imagine what happened was that our rate of \$1.50 from Montreal was established, and the Vancouver route met it, regarding it as competitive. We knew nothing whatever about the rate from Vancouver when we made the rate from Montreal.

Q. Do you know anything about the type of cargo shipped from the Pacific Coast to European parts?—A. I would say that a larger portion of the cargo shipped from Pacific ports, through the Panama, requires refrigerator space by reason of the steamers going through the tropics, than in the North Atlantic trade. For instance, goods which might require only ordinary stowage in the North Atlantic trade might require refrigerator stowage when shipped through the Panama Canal from Vancouver.

Q. That is in regard to that class of freight?—A. That is in regard to that class of freight.

Q. As to the whole cargo, the nature of the cargo, have you any information regarding the type of cargo prevailing from the Pacific Coast? Let me put it this way: Are the cargoes from the Pacific Coast largely lumber, wheat and fish, canned fish; heavy cargo?—A. I would think so but I would rather think that they correspond fairly with the class of cargo that goes out of eastern Canadian ports.

Q. Now, the factor was raised or suggested yesterday of distance, that is that the rate from Vancouver would possibly be unfair because it is a greater distance. Now, I think, this factor of distance should be clearly elucidated?—A. I have been thinking about that and nothing can be more misleading than to compare the distance of a voyage with the rate of freight. The actual distance of the voyage is of less importance than the amount of cargo offered, the probability of cargo both ways, the assortment of cargo as between dead-weight measurement, port charges, loading and discharging expenses.

Q. Therefore, you consider—A. As a further explanation to the Committee it should be mentioned that a large part of your overhead is the same, whether

[Mr. W. T. Marlow.]

you are operating on a long voyage or a short voyage. There is the bare expense of the extra steaming time of the ship but the expenses are practically the same.

By Mr. Symington, K.C.:

Q. It does not make any difference if you make three trips or eight trips in a year?—A. I do not say that.

Q. That is a factor of distance?—A. I did not say it was not a factor.

Mr. MONTGOMERY, K.C.: It was not an element. He said it was not as determining as many others.

The CHAIRMAN: Let us have Mr. Cleminson now.

Witness retired.

HENRY MILLICAN CLEMINSON, recalled.

By Mr. Montgomery, K.C.:

Q. I understand, Mr. Cleminson, there is some information which the Chairman asked for and which you were not able to give at the time, but have looked up since. Will you please place it on the record now?—A. You remember you asked me who the people were who served on the Dominion Royal Commission. I have been able to get some information, although not in full.

I told you that the Chairman was a distinguished K.C., Mr. Arthur Cohen; and the next man whose name appears on the majority report is C. N. Lawrence. That gentleman is now Lord Lawrence of Kingsgate. He was formerly a merchant and is now Chairman of the London and Northwestern Railway Company.

The next, I think, I told you Sir Hugh Bell was an ironmaster, a colliery owner. I also find he is a director of Brunner Mond & Company, the biggest chemical manufacturers in the United Kingdom. I did say he was a director of Dormer, Long & Company big steel manufacturers and exporters. And I also see he is a railway director too.

Mr. W. Thomas Lewis I can find nothing about.

Sir A. E. Bateman, K.C.M.G., was joint manager of the Imperial Institute. That is an Institute in London, which you probably all know about, to encourage Imperial relations. He was Chairman of the Labour Arbitration Courts. At one time he was in the service of the Board of Trade and has been President of the Royal Statistical Society and was responsible for the publication of a Fiscal Year Book in 1903.

Mr. Gonner is a Professor of Economics.

Mr. Maddison I think I said, is a trades Union leader.

Mr. Mitchell is a spinner and manufacturer. It is interesting to notice that he was Vice-President of the Association of Chambers of Commerce for 1907 and 1911. That is interesting because it has been said, in error, that the Association of Chambers of Commerce has favoured control of rates. I have been unable to ascertain anything in corroboration of that. On the contrary I am sure that the Association of Chambers of Commerce does not favour control of rates.

Then, sir, the minority report:

Sir D. M. Barbour is a former civil servant. He has seen distinguished service in India, South Africa, the West Indies and so forth.

Sir John Macdonnell is a law writer and teacher.

Mr. R. Muirhead Collins is a retired Naval officer, who was at one time Secretary in Great Britain for Australia, I think 1906-10.

[Mr. W. T. Marlow.]

Then Sir H. Birchenough. I see he is a director of the British South African Company, but he appears to have spent most of his time serving on various Commissions like the Shipping Ring.

Sir John Barry, I can find no trace of.

By Hon. Mr. Stevens:

Q. Who is that last one?—A. Sir John Barry.

Q. He is not the famous bridge engineer, is he?—A. I do not know, sir.

SIR HENRY DRAYTON: Or the novelist.

Witness retired.

The CHAIRMAN: Thank you very much, Mr. Cleminson.

This Committee stands adjourned until Tuesday afternoon the 5th May, at 2.30.

The Committee adjourned.

Special Committee appointed to consider the
Resolution
to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 10—Tuesday, May 5, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. Marlow, General Foreign Freight Agent, Canadian Pacific Railway, Montreal.
Col. William I. Gear, General Manager, Robert Reford Co., Montreal.

EXHIBITS

- No. 26A —North Atlantic westbound freight tariff from United Kingdom. November 17, 1924. Filed by Mr. Marlow. (Not printed)
- No. 26B—North Atlantic westbound freight tariff from Antwerp, January 1923. Filed by Mr. Marlow. (Not printed)
- No. 49—Resolution of Western Stock Growers' Association, Calgary. (Not printed)
- No. 50—Resolution of Saskatchewan Live Stock Board. (Not printed)
- No. 51—List of British and United States ships in the North Atlantic Conference. Filed by Mr. Marlow. (Not printed)
- No. 52—Sessional Paper 107G—1925. Ocean rates on grain for eight years. Compiled by the Bureau of Statistics. Read into evidence.
- No. 53—Ocean freight rates on various commodities, Canadian Ports to United Kingdom Ports, 1919-1924. Filed by Mr. Marlow. (Read into evidence)
- No. 54A—Tramp steamers trading to the port of Montreal, season of 1921. Filed by Col. W. I. Gear. (Not printed)
- No. 54B—Tramp steamers trading to the port of Montreal, season of 1922. Filed by Col. W. I. Gear. (Not printed)
- No. 54C—Tramp steamers trading to the port of Montreal, season of 1923. Filed by Col. W. I. Gear. (Not printed)
- No. 54D—Tramp steamers trading to the port of Montreal, season of 1924. Filed by Col. W. I. Gear. (Not printed)
- No. 55—Rates of ocean freight on grain per quarter carried by liners, Canada to the United Kingdom and the Continent for the years 1913-1924. Filed by Col. W. I. Gear. (Read into evidence)
- No. 56—Highest and lowest rates of ocean freight on grain from Canada, 1913-1924. Filed by Col. W. I. Gear. (Read into evidence)
- No. 57—Blue print. Comparative space occupied by Grain and Flour. Filed by Col. W. I. Gear. (Not printed)
- No. 58—Table. Earnings on flour as compared with grain on London cargo. Filed by Col. W. I. Gear. (Read into evidence)
- No. 59—Ocean rates on cattle, February 1921 to date. Filed by Col. W. I. Gear. (Read into evidence)
- No. 60—Cost of carrying cattle. Filed by Col. W. I. Gear. (Read into evidence)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

TUESDAY, May 5, 1925.

The Committee met at 2.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—15. (All members present.)

The Chairman read copies of Resolutions which had been forwarded to him: one, Exhibit No. 49, from the Western Stock Growers' Association at Calgary, another, Exhibit No. 50, from the Saskatchewan Live Stock Board.

Sir Henry Drayton and Hon. J. E. Sinclair spoke of the sudden and tragic death of the late Mr. W. G. Cates, a member of the press gallery who had followed the proceedings of the Committee closely. The Chairman stated that he would express the sorrow of the members of the Committee and extend their sympathy to the bereaved family.

Col. William I. Gear, who was again in attendance, was further examined, and was discharged from further attendance.

During the course of his examination Mr. Marlow filed the following exhibits:—

No. 26 A, "North Atlantic westbound freight tariff from United Kingdom," dated November 17, 1924 (Not printed); No. 26 B, "North Atlantic westbound freight tariff from Antwerp," dated January, 1924 (Not printed); No. 51, "British and United States ships in the North Atlantic Conference" (Not printed); No. 53, "Ocean rates on various commodities, Canadian to United Kingdom ports, 1919-1924," which was read into evidence.

Exhibit No. 52, Sessional paper No. 107 G, "Ocean rates on grain from Montreal to Liverpool, and from New York to Liverpool, respectively, 1912 to 1924 inclusive," compiled by the Bureau of Statistics, was ordered to be read into the evidence.

Col. William I. Gear, who was again in attendance, was further examined, and retired.

During the course of his examination Colonel Gear filed the following exhibits: No. 54 A, B, C, D, "Tramp steamers trading to the port of Montreal during the seasons of 1921, 1922, 1923 and 1924" (Not printed); No. 55, "Ocean rates on grain carried by liners, 1913 to 1924 inclusive," which was read into the evidence; No. 56, "Highest and lowest ocean rates on grain, 1913 to 1924 inclusive," which was read into the evidence; No. 57, blue print, "Comparative space occupied by grain and flour" (Not printed); No. 58, Table, "Earnings on flour as compared to grain on London cargo," which was read into evidence; No. 59, "Ocean rates on cattle, February, 1921, to date," which was read into evidence; No. 60, "Cost of carrying cattle," which was read into evidence.

The Clerk was ordered to communicate by telephone with Mr. Doherty of the C.G.M.M., instructing Mr. Doherty to be in attendance on the Committee to-morrow (Wednesday) morning, bring with him the figures that were produced last year before the Select Standing Committee on National Railways and Shipping. The Clerk did as ordered and so informed the Chair.

The Committee adjourned at 5.50 o'clock p.m. to meet again at 3.00 o'clock p.m. to-morrow, Wednesday, May 6, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276

HOUSE OF COMMONS,

TUESDAY, May 5, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 2.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please to come to order. Mr. Symington, were you continuing the cross-examination of Mr. Marlow?

Mr. SYMINGTON, K.C.: I do not think Mr. Montgomery had finished.

The CHAIRMAN: He was re-examining, was he not?

Mr. SYMINGTON, K.C.: Yes, sir.

The CHAIRMAN: Just before we begin with the witness, I wish to bring before the Committee copies of resolutions which were conveyed to me by the Minister of Trade and Commerce. One is a copy of a resolution from the Western Stock Growers' Association at Calgary, Alberta, entitled "Ocean Rates" and will be filed as EXHIBIT No. 49. (Not printed.) Another is from the Saskatchewan Live Stock Board, bears date the 20th of April, 1925, is in the form of a letter to the Prime Minister, and will be filed as EXHIBIT No. 50. (Not printed.)

Sir HENRY DRAYTON: Mr. Chairman, I do not know what the practice is, but I should think if the practice does not allow it, the special circumstances of the case I have in mind should command it.

Since we last met, our friend, Mr. Cates, who was sitting behind you, sir, and has been since this Committee has been functioning, has received his call—a very, very sudden and tragic call, and I think you will agree with me, Mr. Chairman, that the very least this Committee can do is to place on record our very, very great sympathy, and our sense of sorrow and loss. We all knew Mr. Cates very well; we knew that he stood for so much that is best in journalism; that he stood, not for the sensational headlines, but for principles which, put into practice, meant a fair and accurate report of all proceedings before this or any other Committee; that he was doing his best to serve his country in the position in which he found himself, and in so doing, by his fairness and generosity of character, he endeared himself alike to all of us.

Hon. Mr. SINCLAIR: Mr. Chairman, will you express the sentiments of this Committee?

The CHAIRMAN: I take it, Sir Henry (Drayton), that you will desire me to express on behalf of the Committee our sorrow at the loss of this faithful journalist, and our desire that the sympathy of this Committee be extended to the members of his family in their sore bereavement. I am sure that all members of this Committee will be at one with me in this expression of sympathy.

Mr. SYMINGTON, K.C.: Mr. Chairman, before going on with the witness, I would like to ask my learned friends if the Cunard and White Star material has arrived. And if the westbound tariffs are here.

Mr. MONTGOMERY, K.C.: The westbound tariffs are here. I understand that the Cunard's have come, but the White Star have not, although it was expected by the same boat as the Cunard. I am just informed that the White Star's arrived in Montreal this morning.

Mr. SYMINGTON, K.C.: May we get that material into the hands of the auditors at the earliest moment?

Mr. MONTGOMERY, K.C.: That was our intention.

Mr. SYMINGTON, K.C.: Will you file the westbound tariffs now?

Mr. MONTGOMERY, K.C.: We will file them now.

The CHAIRMAN: Mr. Montgomery, I think you have some further questions to ask Mr. Marlow.

WILLIAM THOMAS MARLOW, recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Marlow, we were asked to file the westbound tariffs. Are the two documents which you have just produced the two westbound tariffs which you received?—A. One is the North Atlantic Westbound Conference rate and freight tariffs from the United Kingdom; the other is the North Atlantic Freight Conference tariff from Antwerp. Those are the only two tariffs we have, in which we are interested.

The CHAIRMAN: They will be filed as exhibits.

EXHIBIT 26A: North Atlantic Westbound rate and freight tariffs from United Kingdom. (Not printed.)

EXHIBIT 26B: North Atlantic Freight Conference Tariff from Antwerp. (Not printed.)

By Mr. Montgomery, K.C.:

Q. You were also asked to produce certain information in connection with the relative port charges, the U.K. ports and the Continent, or at the U.K. ports and the Continental ports. Have you been able to get that?—A. We have taken the comparative cost of unloading an eastbound Canadian cargo at London on one of our vessels, and it works out, for port charges 37.6 cents per ton weight; cargo charges, 36.7 cents per ton weight; total, 74.3 cents per ton weight. That same ship, with the same cargo at Antwerp: port charges, 5.4 cents per ton weight; cargo charges, 20.7 cents per ton weight; total, 26.1 cents per ton weight. In comparing these charges with those filed in the general statement of port charges, U.K. versus Continental, the other day, the difference, in that statement filed, London as compared with Antwerp, worked out three and a half times to one; this statement makes it three times to one.

By the Chairman:

Q. In favour of Antwerp?—A. In favour of Antwerp. Loading the same ship, westbound, at London, port charges were 2.43 cents per ton weight; cargo charges, 1.34 cents per ton weight; a total of 3.77 cents per ton weight. The same steamer and the same cargo at Antwerp: port charges, 33 cents per ton weight; cargo charges, 44 cents per ton weight; total, 77 cents per ton weight, showing in the westbound port charges five to one in favour of Antwerp. The statement filed the other day showed a proportion of eight to one. These charges do not include anything for superintendence and such general items on the dock. They are the bare port charges and stevedoring expenses.

[Mr. W. T. Marlow.]

By Mr. Duff:

Q. What is the reason for the difference between the statement filed the other day and the one filed to-day? There is quite a difference there.—A. The difference is accounted for by the nature of the cargo.

By Mr. Montgomery, K.C.:

Q. You do not take Liverpool, do you?—A. We have not a typical case to compare with Liverpool.

Q. Liverpool is much less than London?—A. Liverpool is less than London.

By Mr. Symington, K.C.:

Q. And all other British ports are less than London?—A. I think probably London is the most expensive British port.

Q. You work at different docks up and down the Thames?—A. We go to one dock, Surrey Commercial. It is difficult for us to make comparisons at the other ports, for the reason that we serve them with passenger and cargo steamers.

By Mr. Montgomery, K.C.:

Q. So that London is the only port you have available, so far as your services are concerned?—A. With cargo steamers only. We have taken a cargo steamer at both ports, London and Antwerp.

By the Chairman:

Q. May I just interject this question. How does Antwerp compare with other Continental ports as to expenses, with regard to port charges and stevedoring expense?—A. I have not that information with me, but I rather think Antwerp is the lowest port.

Q. Then are you comparing the lowest Continental port with the highest British port?—A. I am comparing the only typical ports that we can take with our service.

Q. That may be so, Mr. Marlow; there is no reflection intended by my question, but as a matter of fact are you not comparing the lowest Continental port with the most expensive British port?—A. That I cannot answer offhand.

Sir HENRY DRAYTON: I know at the time I looked into it Antwerp was on an exceedingly good basis. Antwerp's flour cost for loading and unloading was away low.

Hon. Mr. STEVENS: So is Hamburg.

Mr. BLACK (Halifax): Hamburg and Antwerp are about the same.

Sir HENRY DRAYTON: I think at about that time I would expect that Antwerp would be lower, owing to the volume.

By the Chairman:

Q. Do you know of any British port more expensive than London, Mr. Marlow?—A. I do not know.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, are you serving any of the other British ports with cargoes?—A. No, we are not, not with cargo steamers only.

Q. So you are not able to answer the Chairman's question?

The CHAIRMAN: Mr. Marlow knows more than just about his own line.

The WITNESS: Mr. Chairman, in fairness to myself, in respect to port charges, I do not deal with this department very particularly. I have to do more particularly with the freight rates.

[Mr. W. T. Marlow.]

By the Chairman:

Q. But in your position, Mr. Marlow, you will have a general knowledge of these matters?—A. That is what it is, a general knowledge.

By Mr. Montgomery, K.C.:

Q. Now, I think the next thing you were asked to get out was some statement as to the rate of return per cubic foot which would be necessary to enable the ship to break even, without anything for interest or depreciation. That is right, is it not?—A. The bare operating expense.

Q. Yes. Now, I think if I remember correctly that you told us that was not the actual way in which the thing was figured in practice, and you figured a round sum of dollars as necessary to break even?—A. That is so. The reason for that is that a large portion of our cargo, eastbound, is grain. Sometimes it will be 80 per cent of a ship's cargo, and no one attempts to figure how grain will pay per cubic foot. It is decidedly a weight cargo, and it is figured only on the weight basis. But I have taken one of our vessels that made eight voyages in the year 1924, and we have figured it that she was going 80 per cent fully loaded eastbound, and 40 per cent loaded westbound.

Q. What about those two assumptions that you have made?—A. They are pure assumptions. The point that I wish to make in that regard is that if you come out in ballast westbound, you must necessarily get your earnings for the round voyage eastbound. But taking it on that basis it works out, for the bare operating expense, exclusive of any depreciation or interest, from 9½ cents to ten cents per cubic foot.

By Hon. Mr. Stevens:

Q. For each way?—A. For the round voyage, on that basis.

Q. That is each way?—A. That is taking the vessel with 40 per cent of a cargo westbound, and loaded 80 per cent eastbound. If she came out in ballast westbound you would have to get your ten cents per cubic foot on the eastbound voyage, and assuming that the vessel had 400,000 cubic feet, that would mean that she would have to get all these earnings on the eastbound voyage, based on the 400,000 cubic feet.

By Mr. Kennedy (Glengarry):

Q. You cannot give us the actual proportion on which you do fix your rates as to eastbound and westbound voyages?—A. We do not fix them on any such unit basis.

Q. Do you take into consideration the earnings of the westbound voyage?—A. We take into consideration only the general result, as reflected in the earnings.

Q. What do you mean by that, "general result"?—A. Just what we expect in the earnings westbound, as against earnings eastbound. You cannot reduce it to a definite figure, either per cubic foot or per ton weight.

Q. You have no definite proportion as to what the eastbound and westbound traffic will have to bear of the operating expenses?—A. No, we have not, on account of the precariousness of the voyages either way. As I said previously, sometimes your voyage westbound will be empty, other times eastbound it will be full.

Q. I should think you would be able, over a year or a term of years, to average it up and come to a fairly accurate basis of proportions?—A. I can best explain, in answer to that question, that taking our own experience for 1924, our vessels went eastbound 80 per cent loaded and westbound 40 per cent loaded, but it varies to and from the different ports. For instance, Liverpool

[Mr. W. T. Marlow.]

is a good westbound cargo port, while London is a poor westbound cargo port, so that what will apply to a vessel in the London service will not apply to a vessel in the Liverpool service.

By Mr. Montgomery, K.C.:

Q. As I understand it, the ship's agent here, Mr. Marlow, has an idea of the number of pounds that will be required to pay the operating expenses of the ship on her round voyage?—A. Yes, we have that definitely in mind. Naturally, he figures on trying to get a cargo. He figures on trying to get a cargo, but in the market as we have found it, in the last two or three years, it is positively impossible to make any selection of cargo. When flour is moving we will take flour and we will take grain also. In the old days before the War there were opportunities of selecting your cargo, depending on the carrying capacity of the vessel and the moving capacity of the vessel but with the market as it is to-day, no such selection of cargo is possible.

Q. You were also asked to furnish a list of the steamers and their tonnage, showing the distinction between British and American. I refer to steamers in the North Atlantic Conference.—A. This is a comparison of American versus British ships, the tonnage, net register in the North Atlantic United Kingdom Freight Conference. This is itemized by lines. The result is, American, 34 ships, with net registered tonnage of 149,589 tons, British, 142 ships, with net registered tonnage of 896,380 tons.

By the Chairman:

Q. Are all of these ships British Registry registered in Canada?—A. All in the United Kingdom Conference; none of them are registered in Canada.

By Sir Henry Drayton:

Q. What about the Mercantile Marine?—A. They are not included in the North Atlantic United Kingdom Conference.

The CHAIRMAN: This will be produced as exhibit 51. I think we should have this printed.

EXHIBIT No. 51. List of British and American Ships with net registered tonnage:

EXHIBIT No. 51

COMPARISON OF AMERICAN VS. BRITISH SHIPS AND TONNAGE (NET REGISTERED)
IN NORTH ATLANTIC UNITED KINGDOM FREIGHT CONFERENCE

AMERICAN

Line	Number of Ships	Net Registered Tonnage
American Merchant Lines.....	13	45,613
International Mercantile Marine Co.....	3	19,866
Oriole Lines.....	17	56,414
United States Lines.....	1	27,696
	34	149,589
BRITISH		
Anchor-Donaldson Line.....	4	26,994
Bristol City Line.....	6	9,022
Canadian Pacific Steamships, Ltd.....	21	146,787
Cunard-Anchor Lines.....	26	229,714
Donaldson Line.....	7	25,033
Ellerman's Wilson Line.....	4	16,030
Furness Lines.....	20	61,000
International Mercantile Marine Co.....	47	359,973
Thomson Line.....	7	21,827
	142	896,380
	Number of Ships	Net Registered Tonnage
American.....	34	149,589
British.....	142	896,380
	176	1,045,969

May 4th, 1925.

Sir HENRY DRAYTON: Run that into the record.

By Mr. Montgomery, K.C.:

Q. When the Canadian Government Merchant Marine boats were in the Conference the combination of British and Canadian register as against American would have been that much greater, whatever the figure may be.

Sir HENRY DRAYTON: It would have been still larger in favour of the British tonnage. My recollection is that they were Canadian tonnage that could be looked upon as British.

Mr. MONTGOMERY, K.C.: I said British and Canadian.

Mr. SYMINGTON, K.C.: I take it there is no Canadian tonnage in it.

Mr. MONTGOMERY, K.C.: No, they are all British register.

By Mr. Montgomery, K.C.:

Q. What about the C.P.R.?—A. The C.P.R. boats are all British register. The Canadian Government Merchant Marine boats I think, were all Canadian register but they would be British, of course

By Mr. Symington, K.C.:

Q. Not British register?—A. They are all in the British Empire.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. When you were examined by my learned friend the other day your attention was invited to what would happen in the event of a competing line or a subsidized line being operated in competition with the existing lines. You said that they carried on in the hope of better times when times were dull.—A. As has been explained before, freight rates go up and down in cycles. At present we are in a depression in those cycles and during the depression period the lines operate in the hope—

By Hon. Mr. Sinclair:

Q. The depression of freight rates?—A. Yes.

By Mr. Symington, K.C.:

Q. You are referring to freight returns?—A. Freight returns.

Q. Not rates?—A. The lines continue to operate in the hope that their rate returns will go up as expenses go down or through the operation of both reduction in expense and increase in rate returns some profit will result. In the event of a subsidized line depressing rates the natural thing would be that they would lay over until they got to a point where profits were absolutely hopeless. In that case it seems to me a withdrawal of tonnage would ensue.

By Mr. Montgomery, K.C.:

Q. Taking that up to the point you have just mentioned, of expectation and hope, would that be affected at all by a certain period, say a ten year period. I was going to say of "depressing rates" but of regulated rates?—A. I would say decidedly so.

Q. In other words in the ordinary course of operations even though they were going through a low period they always have the upper period ahead?—A. There is always the hope that reductions of revenues are going to improve.

Q. How would that affect that ten year contract?—A. It seems to me it would make the situation rather hopeless.

Q. If the hope of better times was removed what effect would you anticipate it would have on the service?—A. As I said before I think it would cause a withdrawal of ships in the service.

Q. That is, of course, always assuming that rates are unprofitable?—A. Yes.

By Sir Eugene Fiset:

Q. Before leaving this statement that you have given us, the heading of this is "United Kingdom Freight Conference." Do those include passenger lines as well as cargo?—A. Yes.

By Mr. Montgomery, K.C.:

Q. In connection with the question as to whether the service is profitable or unprofitable. Reference has been made by my learned friend to the Canadian Pacific statement. Have you that before you, a copy of it?—A. Yes, I have.

Q. If you will turn to page five, where the item is given for net earnings, ocean and coastal. That is the figure my learned friend mentioned, \$3,600,000 for net earnings, ocean and coastal steamship lines. That appears on its face not only from the ocean lines but from the coastal?—A. Net earnings for ocean and coastal lines.

Q. In as much as the report has been made in the record turn to page six, under the heading of "special income" and place on the record the remarks in reference to the ocean freights.

Hon. Mr. STEVENS: What page is that.

Mr. MONTGOMERY, K.C.: Page six.

The CHAIRMAN: Which, I presume, expresses his own views.

Mr. MONTGOMERY, K.C.: My learned friend puts on record this statement and I would like to have some explanation given of it.—A. The explanation is the results of the operations of your ocean fleets, to which detailed reference is made in the latter part of this report, were unsatisfactory, due almost entirely to continued light freight business and to a somewhat smaller passenger traffic in the spring and fall months of the year. The steamship earnings were, however, assisted through the adjustment of outstanding tax questions with the British Government. This item, of course, is not a recurring one, and therefore, an improvement in earnings for the present year can only be accomplished through the general increase of overseas traffic and the maintenance of stable rates. The prospects for considerable immigrant travel during the coming year are good but freight business is still suffering from the depression of the last few years and from an excess of tonnage beyond the necessities of the traffic.

Q. I am going back to the paragraph which you have just read. Before leaving the question, will you refer to page eight of the report and read what it says there?

“The results of the operations of your subsidiary, the Canadian Pacific Steamship Limited for the year under review have been disappointing, particularly in so far as its Atlantic service is concerned. In anticipation of a considerable increase in passenger and freight traffics the schedules for the season were arranged to provide for ten additional sailings during the St. Lawrence season. The schedules of sailing of other companies were also enlarged with the result that competition was increased, and this and the drastic immigration laws of the United States, together with the failure of Canadian immigration to reach the proportions expected by the Government and the transportation companies were the principal causes of the unsatisfactory showing. The steamship companies, in order to assist in making effective the immigration policy of the country, allowed a rebate of \$15 in the fare of each immigrant, but, notwithstanding this concession, the decrease in third class westbound passengers was 15,000 and the cost to the company of the rebate was \$325,000, with a corresponding reduction in its net earnings. The total earnings westbound were \$1,743,000 less than in 1923. The eastbound passenger carryings were somewhat greater than in 1923, owing largely to the attraction of the Wembley Exhibition. Freight traffic showed a very moderate increase, amounting in earnings \$503,000 and in tonnage to 125,000 tons.”

And then there is a further paragraph which deals with the same matter. In the result the operations of the Atlantic fleet showed a decrease in revenue from all sources of \$1,979,000 under 1923, and an increase of \$617,000 in expenses.

By Mr. Duff:

Q. Is not the answer that you had too many ships for the business?—A. That there was an excess of tonnage beyond the necessities of the traffic due to anticipation of a considerable increase in passenger and freight traffic which did not materialize.

By Mr. Montgomery, K.C.:

Q. You had the Wembley Exhibition on last year?—A. Yes, the Wembley Exhibition was in progress last year.

Q. And that year you would have regarded as a normal year under ordinary circumstances?—A. The report states that the eastbound carryings were somewhat greater than in 1923.

Q. Owing largely to the Wembley Exhibition?—A. Yes.

[Mr. W. T. Marlow.]

By Mr. Duff:

Q. In spite of that you fell behind?—A. Yes.

By Mr. Montgomery, K.C.:

Q. In that connection, on page 6, a reference is made by my learned friend to a remark in the report that freight business is still suffering from the depressions of the last few years and from an excessive tonnage beyond the necessities of the traffic. Have you anything to say in respect to that excessive tonnage?—A. I do not see how, in running a liner business, it is possible to accurately anticipate the tonnage required and the prospective traffic. Schedules for the season must be arranged before hand and we have to go on the best of our judgment as to what service we will have to provide in the season following. Since the war it has been possible to base schedules as well as probably we could before the war on the reliance that there would be anything like normality. For instance, even this summer our schedules are apparently going to be perhaps a little in excess of the cargo offering but that is contrary to our expectation. Having more or less scheduled your steamers for a certain service you cannot, without great inconvenience to the public and probably involving yourself in heavy losses through the taxes favour your service because, as I have explained commitments have to be made ahead.

By Mr. Duff:

Q. Are you speaking now of passenger and freight service? What about the freight only?—A. I am speaking latterly with regard to grain commitments which we made back in May and February.

Q. Which are carried in passenger and freight boats?—A. Carried in both classes of vessels.

By Mr. Montgomery, K.C.:

Q. On this subject of passenger and freight business as applied to excess tonnage is the load evenly distributed.—A. The load is not evenly distributed. There is a peak load which we have to provide rates to take care of. We do not know that it is going to happen always and we try to anticipate that as much as we can. Then there is a further peculiarity.

By the Chairman:

Q. The peak load of what?—A. I think Mr. Montgomery refers to the greatest demand for space.

Q. I understand what peak load means, but is it with regard to freight, passengers, or merely freight?

Mr. MONTGOMERY, K.C.: I was just going to ask about that, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. Does your peak or maximum demand upon your service occur at the same time for passengers and for cargo?—A. It does not. For instance, there is a great demand for passenger accommodation to the old country at this time of the year, from now on up to July. At the present time there is a poor demand for freight space; likewise coming Westbound in July, August and September, when passengers who have gone over in the spring wish to return, there is a poor demand for Westbound cargo space. That is just before our Canadian crop comes forward.

Q. So that in laying out your schedules, is it possible to so provide for the requirements that you will not have excess and unused carrying capacity as regards cargo at one time and passengers at another?—A. I do not think so.

Q. In other words, you provide the carrying capacity to take care of the passenger requirements, and do I understand that your boats for that same time are likely to be light in cargo?—A. That occurs quite frequently.

[Mr. W. T. Marlow.]

Q. And at a time when you might reduce your sailings for passenger purposes, what about your cargo requirements?—A. There is frequently a cargo demand.

Q. I understand you have not been attracted to the cattle business yet?—A. We are not cattle carriers.

Q. Perhaps you know enough about the general situation to answer me this question, while we are on the subject. I merely wish to find out whether on cattle boats the same thing applies, in that case cattle being the passengers?—

A. Well, I know at the present time there is a good demand for cattle space, and I know there is very little cargo offering, unfortunately, that is, general cargo, or grain.

Q. These cattle carriers do, as a matter of fact, carry both, do they not, cattle and general cargo?—A. They carry both general cargo and grain.

Q. To make up their loading, they have to have both?—A. They have to have both. In fact a good load of cargo under deck is necessary to properly trim the ship with cattle on deck.

By Mr. Black:

Q. Do any of the present passenger boats carry cattle?—A. None of the passenger boats I know of carry cattle, not in the Canadian trade at any rate.

By Mr. Montgomery, K.C.:

Q. One more question. Has your much maligned Conference anything to do with the tonnage which each line is to put on or does put on?—A. A Conference has nothing to do whatever with either sailings or tonnage.

Q. So that in each case it is left to the individual lines to estimate the requirements or the business it may hope to secure and provide tonnage accordingly?—A. That is so.

Q. You made a reference a few minutes ago to grain rates. My learned friend asked you as to whether the open rates on grain which you quoted from time to time were not practically identical with the initiative rate. What have you to say as to that?—A. If I said that the rate on which the Canadian lines have the initiative is the same as the rate on grain which is open in the Conference, I was confused in my answer, and I wish to apologize to the Committee. The difference is that on commodities on which the Canadian lines have the initiative we make the rate and notify the Conference that we have made the rate, and that becomes the Conference rate.

SIR EUGENE Fiset: Those commodities are only four in number, I understand.

By the Chairman:

Q. The rates on which you have the initiative are only four in number?—A. On which the Canadian lines have the initiative, those are four in number. Then as regards the grain rate, I explained at length the other day how those are agreed upon by the Canadian Liner Committee meeting through the sub-Committee from day to day. Those rates have nothing whatever to do with the Conference, nor do we notify the Conference of what rates are so made.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, do the New York rates on grain in practice follow the same curve, or are they the same from day to day as the Canadian rates?—A. They do not. There is no parallel at all. At times the American rates are down and ours are up, and at times ours are down and theirs are up.

Q. Depending upon the supply and demand respectively?—A. And the movement of the grain, and so forth. Frequently grain is available at American ports and at Buffalo when it may not be available at Canadian ports or at the Canadian seaboard.

[Mr. W. T. Marlow.]

By Sir Eugene Fiset:

Q. To make it absolutely clear, that Committee fixes only minimum rates?
—A. They agree upon minimum asking rates for the day.

The CHAIRMAN: The question suggested to me by the Solicitor-General Mr. Montgomery, is as to whether it would be possible to get the ups and downs of grain rates in New York and compare them with the ups and downs of grain rates in Montreal over a certain period, so as to see whether there has been any paralleling, or whether the witness is perfectly accurate in saying that there is no necessary parallelism in the rates between the two ports.

Mr. MONTGOMERY, K.C.: Mr. Symington wishes to say something about that.

Mr. SYMINGTON, K.C.: In connection with that, Mr. Chairman, I asked the Canadian Wheat Board, who are the largest shippers, to give me a record of the rates actually paid at the two ports, which I will give to the Committee.

By Mr. Montgomery, K.C.:

Q. I assume there would be at certain seasons of the year. When grain is moving generally, you would get generally speaking higher rates in both ports, and so on, and at other seasons of the year there would be lower rates; I don't know that you suggest there is no parallel in that way, but that they are not identical or anything like it, from day to day.—A. Just at that point, Mr. Montgomery, I have the rates here for 1924, beginning with January and going to December, Canadian vs. American. Of course it should be explained that the rates vary from day to day; perhaps two rates are quoted in a day, and perhaps rates by different lines are different, but taking the high and the low for each month from January to December, 1924, they run something like what I have here.

By Hon. Mr. Stevens:

Q. Is this *pér diem*, for the day?—A. No, sir, this is for the month, taking the high and the low for the month in both cases. I am taking Liverpool as a basic port. In January the Canadian low was 2s. 6d.

By the Chairman:

Q. Per what?—A. Per quarter.

By Mr. Montgomery, K.C.:

Q. In that connection, before you give any more figures, you have taken Liverpool as a basic port?—A. That is a basic port of destination.

Hon. Mr. STEVENS: We had better get this down without interruption so that we will be able to understand it.

By Mr. Montgomery, K.C.:

Q. Start over again; I suppose the stenographer has the commencement of it.—A. This is a comparison of Canadian-American Grain (Heavy) Rates, for the year 1924.

		Liverpool	
		Low	High
January—			
Canadian..	.....	2/6	2/9
American..	.....	2/9	3/3
February—			
Canadian..	.....	2/9	2/9
American..	.....	3/6	4/-
March—			
Canadian..	.....	3/-	3/-
American..	.....	3/3	3/9
April—			
Canadian..	.....	2/6	2/9
American..	.....	2/6	3/1½
May—			
Canadian..	.....	2/9	3/3
American..	.....	2/6	2/6
June—			
Canadian..	.....	2/3	3/4½
American..	.....	1/6	2/-
July—			
Canadian..	.....	2/3	3/-
American..	.....	1/6	2/-
August—			
Canadian..	.....	2/3	3/-
American..	.....	1/6	2/-
September—			
Canadian..	.....	2/7½	3/-
American..	.....	2/3	3/-
October—			
Canadian..	.....	3/-	3/4½
American..	.....	3/-	3/-
November—			
Canadian..	.....	3/3	4/-
American..	.....	3/-	3/-
December—			
Canadian..	.....	2/9	3/-
American..	.....	2/6	3/-

Q. Are those liner rates or do they take into account tramp rates?—A. They are the liner rates. They do not take into account tramp rates.

Q. If I am not mistaken, a report was at one time tabled in the House; it was got out by the Federal Department of Statistics; it covered the Grain Rates both New York and Montreal for a great many years.

The CHAIRMAN: We had an investigation before the Agricultural Committee three years ago, if I mistake not; not the Special Committee but the ordinary Agricultural Committee, and I think we had figures placed before us at that time as to the Grain Rates to the Old Country from Canadian and American Ports.

By Mr. Montgomery, K.C.:

Q. I suppose there may be distress cargoes taken into account, of which you have no record?—A. As accounting for low rates from time to time?

Q. I mean does that necessarily take into account, the figures you have given, any distress cargoes that may have been taken?—A. It would be impossible for me to get the exact figures of all lines on grain, but I think I have given you what is a fair average of the rates ruling, as we have been able to obtain them.

The CHAIRMAN: That is hardly Counsel's question. Counsel asks you: Do these figures take into consideration distress rates which are quoted from time to time?—A. I imagine the low figures do; or are accounted for by at times distress room.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. But you have no information as to that definitely?—A. No, I could not not say that the statement covered that.

By Mr. Symington, K.C.:

Q. A comparison of this with your weekly minutes showing the rates would disclose that?—A. Our weekly minutes will not disclose the American rates.

Q. No, the Canadian rates; I have made a list and there are quite material changes.—A. Yes, I should imagine they would be reflected in the weekly minutes. Of course, Mr. Symington, these are for a month, taking the month's low and the month's high; whereas the minutes are weekly. The low and high are the same.

Q. The low and high would be shown just the same?—A. Correct.

By Mr. Montgomery, K.C.:

Q. Do you refer now to the weekly minutes of the local Committee?—A. Yes, the weekly meeting of the Canadian Liner Committee.

Q. The rates, as I understood your former evidence, are not fixed at the weekly meetings of the Liner Committee are they?—A. No, I explained, when Mr. Symington examined me, that we record them for the past week at the subsequent week's meeting; and we put them in those minutes largely for statistical purposes. It is a way of recording the variations over the year.

Q. My learned friend points out the reference that he had in mind and it might be convenient for the Committee to know it. It is a note. "Grain. Noted. The following rates were quoted. December to April."

Mr. SYMINGTON, K.C.: 2/9, December to April.

By Mr. Montgomery, K.C.:

Q. That would not be December to April. That would be December for April shipment?—A. That is right. What would be the date of that minute? It would indicate that it was a future rate.

Q. The entry is: "Rates; December-April."—A. That means we have been quoting for shipment, December to April, those rates.

Q. And under the heading "Heavy" 2/9. And under the heading "Oats" 2/6.—A. The rates I quoted were for wheat.

By Mr. Symington, K.C.:

Q. Which is what is called "heavy" here?—A. Heavy grain.

The CHAIRMAN: Mr. Montgomery, the clerk has placed in my hands Sessional Paper Number No. 107-G, Dominion Bureau of Statistics: "Ocean Rates on Grain from Montreal to Liverpool, in sterling per quarter; together with the rate per bushel of 60 pounds; by months for the years 1912, '14, '16, '20, '21, '22, '23 and '24."

Mr. MONTGOMERY, K.C.: I am sure that may be very interesting. Possibly that may be the one to which I had reference. Mr. Flintoft asks whether that gives New York too?

The CHAIRMAN: That is from Montreal to Liverpool and then the next is from New York to Liverpool. I think, Mr. Symington, it might be very useful to put this in our records. What do you think, Sir Henry?

Mr. SYMINGTON, K.C.: We might put in the whole file. There are some very interesting things in the whole file.

The CHAIRMAN: Then I will ask the clerk to procure a copy of this and to produce it as Exhibit Number 52. It is a sessional paper.

EXHIBIT No. 52: Sessional Paper 107-G.

[Mr. W. T. Marlow.]

EXHIBIT No. 52

Statement prepared by the Dominion Bureau of Statistics showing ocean rates on grain from Montreal to Liverpool, and from New York to Liverpool, respectively.

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Ocean rates on Grain from New York to Liverpool in Sterling Per Quarter (480 lbs.), together with the rate per Bushel (of 60 lbs.) by Months of the Years 1912, 1914, 1916, 1918, 1920, 1921, 1922, 1923 and 1924. (Conversions made at par value of £—\$4.86 $\frac{2}{3}$).

	1912		1914		1916	
	d. per bushel	cents per bushel	d. per bushel	cents per bushel	d. per bushel	cents per bushel
January.....	3 $\frac{1}{2}$	6.52	2 $\frac{1}{8}$	4.12	21 $\frac{3}{8}$	42.97
February.....	3 $\frac{1}{8}$	7.70	1 $\frac{3}{8}$	3.5	23 $\frac{1}{8}$	48.00
March.....	3 $\frac{1}{2}$	7.05	1 $\frac{7}{8}$	2.87	24 $\frac{7}{8}$	49.51
April.....	3 $\frac{9}{16}$	7.18	1 $\frac{3}{8}$	2.75	20 $\frac{1}{8}$	40.85
May.....	2 $\frac{3}{4}$	5.5	1 $\frac{1}{2}$	3.00	19 $\frac{1}{2}$	39.55
June.....	2 $\frac{3}{8}$	4.37	1 $\frac{1}{8}$	3.87	13 $\frac{1}{8}$	26.56
July.....	2	4.00	2 $\frac{1}{2}$	5.00	14 $\frac{1}{2}$	29.90
August.....	2 $\frac{1}{8}$	5.87	.....	.....	16 $\frac{1}{2}$	33.97
September.....	4 $\frac{1}{8}$	9.35	2 $\frac{7}{8}$	5.87	13 $\frac{3}{8}$	27.08
October.....	5 $\frac{1}{8}$	10.35	3 $\frac{7}{8}$	7.83	14 $\frac{1}{2}$	28.9
November.....	5 $\frac{5}{8}$	10.72	6 $\frac{1}{8}$	12.23	.....	.....
December.....	4 $\frac{1}{8}$	9.47	7 $\frac{1}{8}$	15.07	.....	.....
Average.....	.....	7.34	.....	5.51	.....	30.61

	1918		1920		1921	
	d. per bushel	cents per bushel	d. per bushel	cents per bushel	s. per quarter	cents per bushel
January.....	No quotations		No quotations		7	21.28
February.....	"		"		7	21.28
March.....	"		"		7	21.28
April.....	"		"		7	21.28
May.....	"		"		7	21.28
June.....	"		"		5	15.2
July.....	"		"		5	15.2
August.....	"		"		5	15.2
September.....	"		"		5	15.2
October.....	"		"		5	12.16
November.....	"		"		4	12.16
December.....	"		"		4 $\frac{1}{2}$	13.68

	1922		1923		1924	
	s. per quarter	cents per bushel	s. per quarter	cents per bushel	s. d. per quarter	cents per bushel
January.....	3 6	10.63	2	6.07	2 11	8.9
February.....	3 6	10.63	1 7 $\frac{1}{2}$	4.94	3 9	11.4
March.....	3 3	9.88	2	6.07	3 5	10.4
April.....	1 6	4.56	1 10 $\frac{1}{2}$	5.68	2 7	7.9
May.....	2 0	6.07	1 7	4.94	2 6	7.6
June.....	2 0	6.07	1 8	5.07	1 11	5.9
July.....	2 3	6.83	1 6	4.56	1 6	4.5
August.....	2 4	7.1	1 6 $\frac{7}{8}$	4.78	1 7	5.0
September.....	1 10	5.57	1 7 $\frac{1}{2}$	4.94	2 3	6.8
October.....	2 3	6.83	2 3	6.83	3 3/5	9.2
November.....	3 3	9.88	3 3	9.88	3 0	9.1
December.....	2 9	8.36	3	9.12	2 10	8.5
Average.....	.....	.....	.....	.....	.....	7.9

Source 1912-1923 Report of New York Produce Exchange.

Source 1924 Monthly Report of International Institute of Agriculture. Monthly rate taken from rates which are given weekly.

7/3/25.

[Mr. W. T. Marlow.]

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Ocean Rates on Grain from Montreal to Liverpool in Sterling per Quarter (480 Lbs.), together with the rate per bushel (of 60 lbs.) by months for the years 1912, 1914, 1916, 1920, 1921, 1922, 1923 and 1924.

Months	1912		1914		1916	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	1 6 — 2 6	4·6 — 7·6	1 3 — 1 7½	3·8 — 4·9	13 0 — 17 3	39·5 — 52·5
June.....	2 0 — 2 6	6·1 — 7·6	1 6 — 2 0	4·6 — 6·1	3 6 — 17 3	10·6 — 52·5
July.....	1 6 — 2 9	4·6 — 8·4	1 6 — 2 6	4·6 — 7·6	4 1½ — 14 0	11·5 — 42·6
August.....	1 6 — 2 9	4·6 — 8·4	1 6 — 2 6	4·6 — 7·6	7 0 — 14 0	21·3 — 42·6
September.....	1 7½ — 2 6	4·9 — 7·6	2 1½ — 2 9	6·5 — 8·4	8 0 — 13 0	24·3 — 39·5
October.....	2 6 — 4 3	7·6 — 12·9	2 3 — 3 0	6·8 — 9·1	7 6 — 13 6	22·8 — 41·1
November.....	2 6 — 4 3	7·6 — 12·9	2 10½ — 5 0	8·8 — 15·2	7 6 — 9 0	22·8 — 27·4
Average per bushel.....		5·71 — 9·34		5·67 — 8·41		21·97 — 42·60

No. quotations for 1918.

	1920		1921		1922	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	0 0 — 0 0		7 0 — 0 0	21·25 — —	1 6 — 3 0	4·6 — 9·1
June.....	10 6 — 0 0	31·9 — —	6 0 — 0 0	18·25 — —	1 9 — 2 6	5·3 — 7·6
July.....	10 6 — 0 0	31·9 — —	6 0 — 0 0	18·25 — —	1 6 — 2 9	4·6 — 8·4
August.....	10 6 — 0 0	31·9 — —	6 0 — 0 0	18·25 — —	2 9 — 3 0	8·4 — 9·1
September.....	10 0 — 12 0	30·4 — 36·5	5 0 — 6 0	15·2 — 18·25	2 3 — 3 0	6·8 — 9·1
October.....	0 0 — 0 0		4 0 — 5 9	12·16 — 17·5	2 9 — 3 0	8·4 — 9·1
November.....	0 0 — 0 0		4 0 — 6 0	12·16 — 12·16	2 9 — 3 6	8·4 — 10·6
Average per bushel.....		31·52 — 36·5		16·50 — 18·00		6·64 — 9·0

	1923		1924	
	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents	Rate per 480 lbs. s. d. s. d.	Rate per bush. 60 lbs. in cents
May.....	2 3 — 2 7½	6·1 — 7·6	2 6 — 3 4½	7·6 — 10·3
June.....	2 3 — 2 7½	6·8 — —	2 3 — 3 4½	6·8 — 10·3
July.....	2 6 — 2 9	6·8 — 7·9	2 3 — 3 0	6·8 — 9·1
August.....	2 3 — 2 9	6·8 — 7·9	2 3 — 3 0	6·8 — 9·1
September.....	1 10½ — 2 9	6·8 — 7·6	2 9 — 3 3	8·4 — 9·9
October.....	2 6 — 3 7½	7·6 — 9·9	3 0 — 3 3	9·1 — 9·9
November.....	3 0 — 4 0	9·1 — 11·4	3 6 — 4 0	10·6 — 12·2
Average per bushel.....		7·14 — 8·72		8·01 — 10·11

NOTE.—Conversions made at par value of £6-3-25.

Mr. MONTGOMERY, K.C.: Is that something tabled in the House?

The CHAIRMAN: Yes, it was tabled in the House on Thursday 19th March, 1925. It shows the rates from Montreal and from New York.

Mr. MONTGOMERY, K.C.: I suppose it will be possible for us to get copies of this?

The CHAIRMAN: Yes, I will ask the clerk when making copies, to put in a carbon for Mr. Montgomery and one for Mr. Symington.

[Mr. W. T. Marlow.]

Mr. MONTGOMERY, K.C.: After a very hasty examination, that Mr. Symington and I have made together, the statement seems to bear out the witness' statement that there appears to be little relation between Montreal and New York rates.

Mr. SYMINGTON, K.C.: A very hasty examination.

Mr. MONTGOMERY, K.C.: Yes, we took a check at random and that was the result.

By Mr. Montgomery, K.C.:

Q. My learned friend draws my attention to the fact that you were asked in your cross-examination in reference to the quotations given from day to day for the carriage of grain, and the fixing of a quotation which was a minimum quotation, but which could be exceeded by the different lines if they could get it. I would ask you whether or not, in practice, a quotation is ordinarily exceeded?—A. The asking rate on grain, agreed to from day to day, is usually in practice the rate.

Q. Does the same thing apply to other Conference rates?—A. Yes, the same thing applies to other Conference rates. In fact, as a general thing, I cannot remember, on package cargoes, as we call it, our exceeding the minimum rates, so the minimum in reality becomes the maximum.

Q. The minutes to which my learned friend invited your attention the other day, of 1920, appeared to refer to increases in the commodity rates. You recall those, no doubt, do you not?—A. Yes, I do.

Q. Were those typical of the general course of rates?—A. I don't think they were. Since that time I have taken the opportunity of going through our tariffs, that is the United Kingdom Conference tariffs, and I have made up 12 sheets of reductions from time to time, from 1920 down to 1925. Notable amongst these are wholesale reductions made on the principal commodities in February 1921, when reductions were made on a great many commodities, and of these probably 30 are commodities of Canadian origin. Again on May 5, 1921 there were reductions made on several commodities of Canadian origin. On October 28, 1921, feeling the pulse of trade conditions, the Canadian Lines proposed a large number of reductions, to the Conference.

Q. Just at that point, will you stop there just a moment. I want to get the minute my learned friend referred to. Have you your file on that before you?—A. Yes. these are they.

Q. I am referring now to Exhibit 12-B, the meeting of the Canadian Liner Committee of October 28th, 1921; have you that before you?—A. Yes.

Q. What do you find there?—A. I have before me the minutes of the Canadian Liner Committee meeting of October 18th, 1921.

Q. What do you find as regards rates?—A. I find a long list of reductions in rates proposed by the Canadian Lines to the Conference.

Q. You might, as a matter of convenience, read in the head note after the list of members.—A. "The meeting was called in pursuance of Minute Number 1, October 25th, to consider general revision of rates to United Kingdom ports, as recommended by Special Committee appointed at the meeting above mentioned."

Q. Then follows a long list of commodity rates, does it not?—A. I think there are thirty-six reductions.

Q. Turning now to the meeting of November 3rd, in the American minutes, I see a note: Rates. As advised in Supplement to Commodity List, North Atlantic U.K. Freight Conference. Can you tell us what bearing that minute has on the minute you have just read and the list of commodities?—A. It means that rates were reduced on over one hundred commodities. The principal ones in which the Canadian Lines were interested were those embodied in the minutes of October 28th.

[Mr. W. T. Marlow.]

Q. What did they do with your proposition in October?—A. They reduced the rates.

Q. And in addition to reducing the rates which you had proposed, they reduced a great many more?—A. They naturally reduced the rates on a lot of analogous articles.

By Sir Eugene Fiset:

Q. Would the reductions which you made in 1921 apply to-day?—A. The rates have since been reduced considerably below this basis.

By Mr. Shaw:

Q. On the same commodities?—A. On pretty well all the same commodities.

By the Chairman:

Q. Was that the first reduction after the general reduction, Mr. Marlow?—A. No. As I explained, there were a great many reductions piece-meal before that, but that was the first time we made an attempt to generally revise the tariff.

By Mr. Duff:

Q. That was the first general reduction?—A. Yes.

By Mr. Montgomery, K.C.:

Q. There had been, had there not, as you have explained, numerous individual reductions in rates?—A. Yes. Beginning in January, 1920, on such items as acetone, magnesite, wrapping paper, hams, bacon and lard, eggs, manganese ore—

By the Chairman:

Q. Not in January?—A. It ends with "wrapping paper" in January, and then following in later months we get to the eggs, hams, bacon, lard, deals, carbide, acetate of lime, woven wire fencing—I am speaking of these as peculiarly Canadian commodities—

By Hon. Mr. McMurray:

Q. These thirty-six were not reduced after the war until this period?—A. Yes. We mentioned acetone as having been reduced January 8th, 1920, and again on February 9, 1921.

By Mr. Montgomery, K.C.:

Q. There had been two previous reductions in that particular commodity at the top of the list prior to this general reduction in October and November?—A. One reduction prior to that.

Q. I thought you mentioned two dates?—A. On acetone?

Q. Yes—January and February?—A. No, not acetone; I think you are referring to acetate of lime, which I mentioned.

Q. I interrupted you when you had got to October and November, 1921. What has been the course since that time?—A. There were a great many more commodities before we got to October, 1921, on which the rates were reduced, such as, in May, 1921, wallpaper, and match splints; we put in a new rate on talc.

By Hon. Mr. Sinclair:

Q. What were the reductions there?—A. Also on handles and confectionery.

By the Chairman:

Q. Could you give us any idea of the extent of these reductions? Were they 5 per cent reductions or 10 per cent reductions, or 20 per cent reductions—A. Perhaps I could best give you that by citing a few here and there. Acetate acid was reduced from \$1.50 to \$1.25 per hundred pounds; asbestos from 75 cents to 60 cents—

Q. Per hundred pounds?—A. Per hundred pounds; chair stock from \$1.25 to \$1 per hundred pounds; clothes pins from 75 cents to 60 cents—

By Mr. Montgomery, K.C.:

Q. Without going through the whole list, these, which you are mentioning, are only suggestions?—A. Yes.

Sir HENRY DRAYTON: Instead of wasting time going into these particulars, why not print the whole thing?

Mr. MONTGOMERY, K.C.: I have a statement here which will follow through from year to year.

Sir HENRY DRAYTON: I would just put that in the record.

The CHAIRMAN: I think that the suggestion made by Sir Henry Drayton is acceptable to the Committee, that we should put this in as an exhibit and order it printed, so we may have it before us in our study of the question. This contains, I understand, Mr. Montgomery, a list of various articles which are important from a transportation standpoint to the Canadian people, with the rates charged by the Conference during the years 1919 to 1924, inclusive. I will order that it be filed as Exhibit 53, and I will order that it be printed

EXHIBIT No. 53

OCEAN FREIGHT RATES ON VARIOUS COMMODITIES CANADIAN PORTS TO UNITED KINGDOM PORTS 1919-1924

Commodity	1919	1920	1921	1922	1923	1924
Agricultural Implements.....	\$ 50 cu. ft. or 1 00 100 lbs.	\$ 50 cu. ft. or 1 00 100 lbs.	\$ 35 cu. ft. or 65 100 lbs.	35 cu. ft. or 65 100 lbs.	\$ 15 cu. ft. or 30 100 lbs.	\$ 25 cu. ft. or 50 100 lbs.
Aluminum Ingots.....	1 00 "	1 00 "	75 "	50 "	40 "	50 "
Apples, Evaporated.....	See Fruit.	See Fruit.	See Fruit.	See Fruit.	See Fruit.	See Fruit.
Apples, barrels ordinary stowage	3 00 bbl.	2 50 bbl.	1 75 bbl.	1 25 bbl.	1 25 bbl.	90 bbl.
Apples, barrels refrigerator 35' 40°	3 50 "	3 00 "	2 25 "	1 75 "	1 75 "	1 40 "
Apples, boxes, ordinary stowage	85 box.	70 box.	60 box.	45 box.	45 box.	30 box.
Apples, boxes refrigerator 35' 40°	1 00 "	95 "	75 "	65 "	65 "	50 "
Apple Waste.....	50 cu. ft. or 1 00 100 lbs.	50 cu. ft. or 1 00 100 lbs.	45 cu. ft. or 85 100 lbs.	40 cu. ft. or 75 100 lbs.	45 100 lbs.	50 100 lbs.
Asbestos Fibre.....	1 25 "	1 25 "	75 "	60 "	50 "	60 "
Automobiles.....	65 cu. ft.	65 cu. ft.	40 cu. ft.	35 cu. ft.	15 cu. ft.	25 cu. ft.
Butter, ordinary stowage.....	1 00 100 lbs.	1 25 100 lbs.	1 00 lbs. 100	1 00 100 lbs.	90 100 lbs.	1 00 100 lbs.
Butter, refrigerator stowage 25° or lower.....	2 50 "	2 75 "	2 00 "	1 75 "	1 40 "	1 50 "
Canned Goods, in cases.....	1 00 "	1 00 "	75 "	60 "	40 "	50 "
Cereals, cases.....	1 00 "	75 "	50-5 "	35 "	35 "	45 "
" bags or bbls.....	1 00 "	65 "	45-5 "	30 "	30 "	40 "
Cheese.....	Government Control	1 00 "	75 "	75 "	60 "	70 "
Clothespins.....	1 00 100 lbs.	1 00 "	75 "	50 "	50 "	50 "
Deals, softwood.....	300 -std.	200 -std.	100 -std.	85 -std.	70 -std.	70 -std.
Eggs, cases.....	65 cu. ft.	50 cu. ft.	40 cu. ft.	35 cu. ft.	25 cu. ft.	35 cu. ft.
Eggs, refrigerator 35' 40°.....	No record	75 "	60 "	60 "	45 "	55 "
Flour.....	1 00 100 lbs.	65 100 lbs.	32 100 lbs.	20 100 lbs.	19 100 lbs.	19 100 lbs.
Fruit, Dried, boxes or cases.....	2 00 "	1 00 "	75 "	75 "	50 "	50 "
Handles, Straight.....	1 00 "	1 00 "	75 "	65 "	40 "	40 "
Handles, "D".....	1 25 "	1 25 "	85 "	75 "	40 "	40 "
Hair, Hog.....	2 50 "	2 00 "	1 25 "	1 00 "	75 "	1 00 "
Hides, Green Salted.....	1 25 "	1 25 "	1 00 "	85 "	65 "	75 "
Hops, warehouse delivery.....	3 00 "	3 00 "	2 25 "	1 90 "	1 65 "	1 65 "
Leather Belting.....	1 00 cu. ft.	1 00 cu. ft.	75 cu. ft.	65 cu. ft.	50 cu. ft.	60 cu. ft.
Leather Goods, in cases.....	1 00 "	1 00 "	75 "	65 "	50 "	60 "
" Artificial in cases.....	1 00 "	1 00 "	75 "	65 "	50 "	60 "
Leather, Artificial.....	1 00 "	1 00 "	75 "	65 "	50 "	60 "
" Sole.....	2 50 100 lbs.	2 50 100 lbs.	2 00 100 lbs.	1 00 100 lbs.	75 100 lbs.	85 100 lbs.

OCEAN FREIGHT RATES ON VARIOUS COMMODITIES CANADIAN PORTS TO
UNITED KINGDOM PORTS 1919-1924—*Concluded*

Commodity	1919	1920	1921	1922	1923	1924
Lumber, Heavy.....	\$1 25 100 lbs.	\$1 00 100 lbs.	\$ 60 100 lbs.	\$ 30 100 lbs.	\$ 30 100 lbs.	\$ 35 100 lbs.
“ Light.....	1 62 “	1 22 “	75 “	40 “	40 “	45 “
“ Heavy Planks.....	1 02 “	1 00 “	60 “	30 “	30 “	35 “
“ Light Planks.....	1 42 “	1 22 “	75 “	40 “	40 “	45 “
Measurement Traffic.....	50 cu. ft.	50 cu. ft.	45 cu. ft.	40 cu. ft.	30 cu. ft.	40 cu. ft.
Oilcake.....	1 00 100 lbs.	65 100 lbs.	45 100 lbs.	35 100 lbs.	20 100 lbs.	25 100 lbs.
Organs.....	50 cu. ft. or	50 cu. ft. or	45 cu. ft. or	30 cu. ft. or	25 cu. ft. or	30 cu. ft. or
Paper, Newsprint in cases.....	1 00 100 lbs.	1 00 100 lbs.	85 100 lbs.	60 100 lbs.	65 100 lbs.	65 100 lbs.
Paper, Newsprint rolls or bales.....	50 cu. ft.	50 cu. ft.	40 cu. ft.	40 cu. ft.	60 100 lbs.	55 100 lbs.
Paper, Wrapping.....	1 25 100 lbs.	1 25 100 lbs.	75 100 lbs.	60 100 lbs.	50 “	45 “
Peas, Split.....	1 25 “	1 25 “	75 “	60 “	40 “	45 “
Provisions ordinary stowage.....	1 00 “	1 00 “	50 “	75 “	50 “	50 “
		75 “	75 “	60 “	40 “	50 “
		Hams, Bacon				
		Lard				
Provisions, Refrigerator 35° 40°.....	2 25 “	2 00 100 lbs.	1 50 “	70 “	70 “	85 “
Provisions, Refrigerator 25° or lower.....	2 50 “	2 25 “	1 75 “	1 35 “	1 05 “	1 15 “
Soap, Common, in cases.....	1 00 “	1 00 “	75 “	60 “	40 “	50 “
Soap & Soap Stock in barrels.....	1 00 “	1 00 “	75 “	45 “	40 “	50 “
Sugar, Grape & Refined.....	1 00 “	1 00 “	45 “	40 “	20 “	25 “
Tires, Rubber.....	50 cu. ft.	50 cu. ft.	45 “	40 “	20 “	25 “
Tobacco, Lead in hogsheads including warehouse delivery.....	2 00 100 lbs.	1 50 100 lbs.	1 00 “	80 “	50 “	65 “
Tobacco, Manufactured in cases.....	50 cu. ft. or	50 cu. ft. or	40 cu. fr. or	40 cu. ft. or	30 cu. ft. or	40 cu. ft. or
	1 00 100 lbs.	1 00 100 lbs.	75 100 lbs.	75 100 lbs.	60 100 lbs.	75 100 lbs.
Woodpulp, bundles or bales.....	1 00 “	1 00 “	50 “	40 “	30 “	40 “
“ cases.....	1 00 “	1 00 “	75 “	75 “	40 “	50 “

By Mr. Montgomery, K.C.:

Q. This is not a complete tariff or list of all the reductions you made, is it, Mr. Marlow?—A. Not by any means. We had to take up what we considered a number of representative commodities.

Mr. MONTGOMERY, K.C.: We have some extra copies of these here, if you would like them, in the meantime.

By the Chairman:

Q. Mr. Marlow, during this time were rates on any commodities raised?

Mr. MONTGOMERY, K.C.: You will get here (indicating) how it went, and you will see some raises in 1923 and 1924, when that March 1st raise was put in. You will see them reflected here (indicating).

By Mr. Montgomery, K.C.:

Q. There was a general raise on the 1st of March, 1924. Is that marked here?—A. Yes, sir.

By Hon. Mr. Sinclair:

Q. What was the basis for reduction? What led you to ask for these reductions?—A. Negotiations with the shippers, or their Associations, from time to time, with us, and in a general way agreed upon between ourselves and the shippers as to the fair rates.

By Hon. Mr. McMurray:

Q. And were the raises upon the same principle?—A. I explained the other day that the raise came about after the result of our 1923 services were known, and we thought we ought to get a general increase in rates.

By Hon. Mr. Sinclair:

Q. Did you consult with the shippers about the increases too?—A. We did not consult the shippers.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. But the shippers were not very long in consulting you?—A. No. A great many of the shippers, particularly the Canadian shippers, complained to us, and we afterwards made adjustments down to try to meet these complaints.

By Sir Henry Drayton:

Q. Does this show the adjustments down?—A. No, unfortunately, Sir Henry, it does not, because it does not continue beyond the increases of 1924.

Q. Look at "Apples, boxes." I thought it did, because you dropped from 45 cents to 30 cents?—A. I do not think that was one which was advanced.

Q. And "Apples, boxes, refrigerator" from 65 cents to 50 cents. "Apple waste" goes up. However, this does not include the reductions you subsequently made?—A. There are some reductions subsequent to this account, between the increase of March 1924 and the present date.

By Mr. Symington, K.C.:

Q. On any of these commodities?—A. Yes, on some of these commodities.

By Mr. Montgomery, K.C.:

Q. Have you any of them in your mind, which you could mention to us now?—A. Mr. Symington asked, "on any of these commodities?"; I may be mistaken about that, Mr. Symington. The complaints we received from the shippers subsequent to the increase of March 1 did not particularly deal with these commodities.

By Mr. Symington, K.C.:

Q. I think you will find in your correspondence a letter setting forth to the Conference certain representations made— —A. This list covers them.

Q. If I remember there were, "Box shooks"—whatever they are—and a few other commodities, and I do not think they are in here (indicating Exhibit 53).

By Mr. Montgomery, K.C.:

Q. This does not, in any event, purport to be an exhaustive list?—A. No, it does not. It entailed considerable labour in going through all our tariffs over a number of years, but we did the best we could in the given time, and we think we have given fairly representative commodities which move in volume.

Q. I noticed this morning, in looking at this sheet (Exhibit 53) and checking it up with various articles which appear in the document which has been referred to as "The Liner's Reply," that they do not always tally exactly.—A. That is so. When this statement was prepared they took what they thought was a fair rate for the year in which the rate change was made.

Q. Who did?—A. My staff, who prepared this. I had nothing to do with the preparation of the Preston Reply.

Q. So this is quite independent of that?—A. It was prepared by my own staff, quite independent of that.

Q. I find minor discrepancies occasionally. How would they be accounted for?—A. I have had those checked over, and these represent in a fair way the rates in effect during the year mentioned. There were times when there were changes in the rates, but we showed one rate only.

Q. So you might get in the same year a difference in figures, depending upon the month in which it was taken?—A. That is true.

By Mr. Symington, K.C.:

Q. Do I understand this (Exhibit 53) is right, and the other is wrong?—A. In one case they may have taken January, and the rate may have changed in March, and in that case we took March as more typical, because it embraced a greater number of months in the year.

[Mr. W. T. Marlow.]

By Mr. Montgomery, K.C.:

Q. But it does not necessarily mean that either of them are wrong?—A. No, it does not; nor was the purpose of the statement to show that our rates were thus-and-so, but it was to show the actual rates, and how the tendency was downward.

By the Chairman:

Q. If there is a discrepancy between one and the other, are we to regard Exhibit 53 as the more accurate?

Mr. MONTGOMERY, K.C.: No, I do not think so.

Sir HENRY DRAYTON: Mr. Marlow says it is more typical.

Mr. MONTGOMERY, K.C.: Both would be rates prevailing during the year.

Sir HENRY DRAYTON: This (Exhibit 53) would show the majority of the movements, while the other might not.

By the Chairman:

Q. In other words, it would be wiser for us to base our opinion, whatever it may be, on this Exhibit, No. 53, which has just been produced, rather than on the printed Reply of the Steamship Lines?—A. I would say so.

By Mr. Montgomery, K.C.:

Q. But the items do not always correspond? You will find those here (Exhibit 53) which are not in the Liners' Reply, and others in the Liners' Reply which are not here. You had not it before you even when you prepared this (Exhibit 53)?—A. No, we had not.

Q. This was a quite independent compilation?—A. Yes, a compilation from the search through our tariffs for the period mentioned.

Mr. SYMINGTON, K.C.: I prefer yours, Mr. Marlow.

By Mr. Rinfret:

Q. May I ask, in a general way, how it is that in the face of this list, in their operations the shipping companies agreed between themselves to decrease the rates to such an extent?—A. As I said before, we—that is, the freight managers (and I think that has been brought out, Mr. Rinfret)—are not always working on the idea at the moment as to whether the companies are making money or not. That is how the general increase came about in March, 1924. We found as a result of the operations for the year 1923 that we had lost money, and with the anticipated increase in expenses at the time, we decided to increase the rates on the 1st of March, 1924.

Q. Am I to infer, then, that from 1919 to 1923 the decrease was agreed upon, as the companies were making money?—A. No, it was thought that we were making our freight rates more according to freight conditions and what would move the traffic.

By Mr. Montgomery, K.C.:

Q. I think you explained to us on a previous occasion, Mr. Marlow, that you were expecting the general running expenses to go down, and were reducing your tariffs accordingly?—A. We decidedly were; that was all gone over the other day.

Q. And that at the end of 1922 an upward rise took place?—A. That is so.

Q. And in 1923 you found———A. That the general results were very bad.

Q. And you consequently brought into force an upward rise?—A. That became effective in March 1924.

Q. Following that on, you have told us that the Canadian Manufacturers' Association——.

[Mr. W. T. Marlow.]

By the Chairman:

Q. In 1923, did you get pretty full cargoes going eastward?—A. No, my recollection of 1923 is that cargoes were not always full, eastbound.

By Hon. Mr. Sinclair:

Q. What average would you make?—A. I could not say that offhand without figuring it out, but it would be an easy matter for me to get it for you, if it were vital.

Q. It seems to me—you say you were losing money that year—that it would be interesting to know just how full your ships were.—A. I will be pleased to supply the committee with that information, with respect to Canadian Pacific Steamships.

The CHAIRMAN: I think you might do that, Mr. Marlow.

By the Chairman:

Q. Take the year 1919; were your ships losing money in 1919, Mr. Marlow?—A. My recollection is that we made a little money in 1919.

Q. What about 1920?—A. I would like to have the information at my fingers' ends to answer you, but really I have not got it.

Mr. SYMINGTON, K.C.: I will examine on that.

Mr. MONTGOMERY, K.C.: You do not need to; if any one wants it we can furnish it. Mr. Marlow is not the accountant.

Mr. SYMINGTON, K.C.: I say I am going to examine him on it.

Mr. MONTGOMERY, K.C.: That is outside Mr. Marlow's department. He has made that clear a dozen times over.

Mr. SYMINGTON, K.C.: He has been telling us about losing money.

The CHAIRMAN: Mr. Montgomery, do you think we have listened with such pleasure and profit to Mr. Marlow for two or three days without having a pretty good idea that there is not much goes on in the Canadian Pacific Steamship Services that he is not familiar with?

By Mr. Rinfret:

Q. May I ask Mr. Marlow what he means by, "a little money in 1919"? He said that the company made a little money in 1919.—A. I understand, taking it as a whole——.

Mr. FLINTOFF: Mr. Chairman, I think you are not getting anywhere with this information. If you want it we will supply the witness who can give you exact information with regard to this. It seems to me, with all due respect to the committee—I do not like to see Mr. Marlow drawn into an examination on a matter he has nothing whatever to do with, except as a matter of general knowledge, such as I would have myself, or any other officer of the company. If you want the information we will give it to you.

The CHAIRMAN: I think the question is quite fair, and I will direct Mr. Marlow to answer it.

Mr. RINFRET: I would maintain my question; it is up to the witness to reply whether he knows or not.

The CHAIRMAN: You heard the question, Mr. Marlow.

The WITNESS: I do not know offhand what the results of 1919 were, but I believe we made a profit in 1919 on the whole.

Hon. Mr. STEVENS: Of course, Mr. Chairman, I submit that that evidence by Mr. Marlow is useless, because what we want is the fact and if we can get the fact from another witness, let us call him. It is obvious that Mr. Marlow cannot know the accountant's report.

[Mr. W. T. Marlow.]

Mr. SHAW: I think that is a fair attitude.

The CHAIRMAN: I think the sense of the Committee is that the witness answered the question that Mr. Rinfret put to him, and that we shall not proceed further along this line just at present, in view of the fact that counsel for the Committee tells us that he is prepared to go into those questions, so we will proceed on another branch of this interesting inquiry.

By Mr. Montgomery, K.C.:

Q. I am going to conclude my examination by merely asking the witness to complete the information down to date. He has brought us to the reduction made in March, 1924, and he was about to tell us of the representations made by the Canadian Manufacturers' Association, and what has been the course of rates from then down to this date.—A. Since that time we have reduced the rates on a number of commodities, on representations from Canadian shippers.

Q. I understand that the Canadian Manufacturers' Association sent out a bulletin, did they not?—A. They did, to their various members.

Q. What I want to get at is, did you give consideration to any representations that were received from shippers in regard to rates at that time?—A. We gave every consideration to them, and investigated each one—that is, Canadian Pacific Steamships did.

Q. Each individual case was investigated on its merits?—A. Each individual case was investigated, and in many cases where we thought there was a hardship and that the rates should be reduced, we reduced the rates.

Q. So you will find a reduction—A. In some cases I may say for the information of the Committee that on communicating with the shippers on these specific complaints invited by the Canadian Manufacturers' Association, we found that the shippers were not shipping to the United Kingdom at all; that they had no exports; that some of them were shipping to South America or South Africa, but had complained on general principles against the rate to the United Kingdom.

Mr. MONTGOMERY, K.C.: That is all, thank you.

By Mr. Symington, K.C.:

Q. Just a few questions, Mr. Marlow. You gave some evidence about the losses of the Canadian Pacific Steamships Company. Can you tell us whether the Canadian Pacific Steamships Company ever made money?—A. I am not in a position to answer that, Mr. Symington, and I would much prefer that you get the information from one of our witnesses, our accountant, our comptroller of the steamships, who is here.

Q. Then I understand you to say to the Committee that you cannot state whether they, at any time or in any year, made any money?—A. I can only answer that question from the standpoint of general knowledge, not specifically.

Q. What would you say, from general knowledge?—A. I would say that sometimes we have made money.

Q. Would you say you made money in 1923?—A. I could not say that.

Q. Could you say there was ever a year when you made more money than in 1923?—A. I could not answer that.

Q. Could you say there was ever a year, except one, in which you made more money than you made in 1924?—A. I could not answer that.

Q. Although you fix these freight tariffs, and consider the position of your company, you could not say that?—A. I could not say that, but in fairness to myself, and in fairness to our company, I would like to explain to the Committee that we are a very large company, with enormous ramifications, with an enormous staff, and necessarily we have to divide the work into departments. It is as much as I can do to attend to securing freight and endeavouring

[Mr. W. T. Marlow.]

to make freight rates from general knowledge, and we require to have controllers and accountants and passenger department men to handle the various departments.

Q. I would not have asked you the question, Mr. Marlow, except that in re-examination you told my learned friend about your company losing money. I would certainly have left it but for that reason.

By Mr. Montgomery, K.C.:

Q. Was it your advice that you had lost money on the years which I referred to?—A. Which years are those?

Q. I think you told us 1923.—A. I understand that our general results for 1923 were unsatisfactory.

By Mr. Symington, K.C.:

Q. Then let us take 1924 for a moment. My learned friend mentioned a figure of \$3,600,000, and you said it was ocean and coastal?—A. Yes, inter-coastal.

Mr. MONTGOMERY, K.C.: I had the witness read into the record the statement in the report.

By Mr. Symington, K.C.:

Q. Do you know whether the Atlantic services made more or less than \$3,630,000?—A. I know in a general way that the Atlantic services have not made profits of three million dollars odd. That is what I am informed by my management.

Q. In any event, I take it the figures that you are supposed to furnish the auditor will govern that?—A. That is so.

Q. Now, you spoke rather differently, I thought, in your direct examination with respect to the effect of putting on a competitive line, that the other boats would withdraw from the service?—A. In what respect, Mr. Symington, did you think I spoke differently?

Q. I understood you, in your examination in chief, to say you thought the other lines would meet the competition.—A. I do, for a time.

Q. How long will that go on?—A. As I said, I think it would go on until they felt they could not stand the losses any longer, and then that they would withdraw their ships.

Q. You quoted to us, for instance, I think it was Sir Frederick Lewis, in his statement to the Furness-Withy people, about the Continental situation. Have the British ships withdrawn from that German trade, in view of that situation?—A. Yes. I understand the Royal Mail, for instance, who had quite a service, withdrew their ships. I do not know that they have withdrawn them all, but they have withdrawn some, and I understand that two of the other British lines have decided on amalgamation, in self-defence.

Q. Was that between there and Canada?—A. No; in the North Atlantic trade, though.

Q. You mean American ports?—A. Yes.

Q. The Furness-Withy people do not seem to have withdrawn, apparently?—A. The Furness-Withy people are not in the North Atlantic Continental trade. That is to Canada.

Q. To the States, I mean. Is that it?—A. I do not think they are operating to the States in the North Atlantic Continental trade to-day.

Q. I notice in your reading you adopt as your own Sir Frederick Lewis' opinion, that in that statement he spoke about the competition of the rate war and the killing of the rates. I understand that has been going on ever since the war was over?—A. Yes, more or less, but the rates immediately after the war were rather high.

[Mr. W. T. Marlow.]

Q. In spite of the fight?—A. In spite of that, and they have gradually come down.

Q. You stated to my learned friend that the tendency of rates had been downward since the war. That was true, of course, up to March, 1924. Since March, 1924, there has been no downward tendency?—A. Yes, I have stated certain cases in the Canadian trade.

Q. Generally?—A. Not generally.

Q. The last general thing prior to that was the 25 per cent increase?—A. Yes.

Q. In figuring on that computation you gave us a nine and one-half and a ten cent rate per cubic foot. You said "bare operating basis without depreciation." I would like you to tell us, if you can, just what the bare operating basis is?—A. The bare operating basis is the cost of loading the ship, port charges, the running of the ship, the discharging expenses and port charges at the other end.

Q. That does not include brokerage or commissions, management charges or anything of that kind?—A. No, sir.

Q. Just the bare running of the ship?—A. Just the bare running of the ship.

Q. So that you have in your company the figures which show the bare operating expenses?—A. We have. As a matter of fact I got these figures from our comptroller.

Q. The reason I am asking that is that my auditor tells me he has nothing that shows the bare operating basis, and therefore it is exactly what we want to get if we can, so that if the auditor has these figures we can examine him on that?—A. I would prefer you to examine him on that, and I am quite frank in telling you I submitted the figures as given to me by him, which I have every reason to believe are correct.

Q. That is what we want to get, the bare operating basis. Is it or is it not so that the Canadian Pacific Railway manage this business and pass it on to the Steamship Company, so you debit it with so much? Is that the way it is run?—A. I understand the Canadian Pacific Railway are traffic agents for the Canadian Steamships Limited, and a working charge is made for these expenses.

Q. And that charge can be shown, I suppose?—A. I presume so.

Q. You have, as a matter of fact, in anticipating your service for this year still put on a larger service than last year, I think I saw in the press.—A. I do not recall that. As a matter of fact, since I commenced preparing this case the schedules have been under preparation and I am not familiar with what they are going to be.

Q. I saw in the *Montreal Gazette* there were to be so many more trips this year.—A. I could not answer that offhand.

The CHAIRMAN: Has anybody any other questions to ask Mr. Marlow? Do counsel think they will need Mr. Marlow again?

Mr. SYMINGTON, K C.: Not that I know of. I suppose he is always available.

The CHAIRMAN: I will discharge Mr. Marlow with the thanks of the Committee for the interesting information with which he has supplied us.

Mr. FLINTOFF: On suspended sentence, I suppose.

The CHAIRMAN: I am sure Mr. Marlow realizes his discharge was couched in a very different spirit.

Witness discharged. Discussion followed as to the calling of Mr. Doherty of the C.G.M.M. as a witness.

[Mr. W. T. Marlow.]

The CHAIRMAN: I will ask Mr Gordon to get hold of Mr. Doherty and request Mr. Doherty to bring with him the figures that were produced last year before the Select Standing Committee on National Railways and Shipping at their meeting held on Wednesday, June 18th, 1924.

Sir HENRY DRAYTON: And supporting figures.

The CHAIRMAN: Yes, anything that is at page 4.

Mr. MONTGOMERY, K.C.: There is also the question, that he would be prepared with any estimates for 1925 and that question as to whether we will go into it or not or what they are is a matter to be decided tomorrow.

The CHAIRMAN: If this has been prepared for the Minister's confidential information—

Mr. MONTGOMERY, K.C.: We can discuss that tomorrow, but only that he should be prepared with any estimates he has.

The CHAIRMAN: If we feel we should go into that we will go into the other question and I will not ask him to produce that information for tomorrow.

Mr. MONTGOMERY, K.C.: It is only to have it available, if it were information that he should have no objection to give us.

Mr. SYMINGTON, K.C.: I rather thought Colonel Gear would put in some estimates.

Mr. MONTGOMERY, K.C.: Col. Gear was asked to produce certain information. I suppose he has it now.

Col. WILLIAM I. GEAR, Recalled.

By Mr. Montgomery, K.C.:

Q. Col. Gear, I think you were asked during your cross-examination to produce particulars in regard to certain matters which came up for discussion. Have you been able to get the desired information?—A. I have been able to get some of it.

Q. I have a note here that you were asked to produce for instance a list of tramps and their owners; have you that?

The CHAIRMAN: Tramps that visited the port of Montreal last year?

By Mr. Montgomery, K.C.:

Q. Will you explain, that Col. Gear?—A. I have a list of tramps which visited the port of Montreal in 1921, 1922, 1923 and 1924, with their owners, tonnage and nationality.

The CHAIRMAN: The gross and net tonnage is also found. We will produce these as Exhibit No. 54, all as one Exhibit.

EXHIBITS Nos. 54A, 54B, 54C, 54D: Statements showing tramp steamers, port of Montreal, years 1921, 1922, 1923 and 1924.

By Mr. Montgomery, K.C.:

Q. You were asked also to furnish particulars in regard to grain rates from 1913 to 1924. Have you that information?—A. I have a statement showing the rates of freight on grain per quarter carried by the regular Liners from Canada to the United Kingdom and the Continent from 1913 to 1924, showing the lowest and the highest quotations.

Mr. MONTGOMERY, K.C.: Do you wish these figures filed as an Exhibit, to avoid reading them?

The CHAIRMAN: I think so. It is for each year, the lowest and highest quotations in the year, not monthly, just yearly, per quarter.

The WITNESS: Per quarter.

The CHAIRMAN: Do we want this statement printed, gentlemen?

[Col. William I. Gear.]

Sir HENRY DRAYTON: We have had that already, Mr. Chairman, although it is shorter to print it than it is to examine upon it.

The CHAIRMAN: As we are printing the others, I think it would be well to have this printed too.

EXHIBIT No. 55

Statement showing rates of freight on grain per quarter carried by regular Liners, Canada to the United Kingdom and Continent, years 1913 to 1924:—

	Lowest	Highest
1913..	1/9	3/9
1914..	1/3	5/3
1915..	5/3	13/9
1916..	3/6	18/-
1917(*)..	25/-	46/-
1918(*)..	50/-	57/6
1919(s)..	8/9	10/6
1920(s)..	8/9	10/6
1921..	5/-	7/-
1922..	1/-	3/10½
1923..	1/6	4/-
1924..	1/7½	4/7½

NOTE:—

(*)—Official fixed rates.

(s)—The 8/9 rate quoted in 1919 and 1920 was that fixed by the Shipping Controller on vessels "directed" to the Wheat Commission.

By Mr. Montgomery, K.C.:

Q. Have you a corresponding statement of the tramps, grain carried and the rates in the same period, by the tramps?—A. Yes. I produce the statement asked for of the highest and the lowest freight rates from Canada, 1913 to 1924, per quarter, compiled from Angiers' Report.

Q. So that that is simply a compilation from Angiers' Report?—A. Simply a compilation from that report.

Q. What is that report?—A. It is a world-wide report gotten out by that party.

By Sir Henry Drayton:

Q. Does it contain the same information?—A. No. This is the tramps.

By the Chairman:

Q. It is per quarter too?—A. Yes, sir.

EXHIBIT No. 56

Statement of highest and lowest grain freight rates from Canada, 1913 to 1924, per quarter.

(Compiled from "Angiers" Report of Fifty years Charter Rates.)

Year	Highest	Lowest
1913..	3/10½	1/9
1914..	5/9	2/6
1915..	12/3	6/3
1916..	18/0	7/0
1917..	46/0	25/0
1918..	57/6	50/0
1919..	20/0	8/9(*)
1920..	18/0	7/1½
1921..	7/3	4/0
1922..	4/10½	2/4½
1923..	4/3	2/1½
1924..	4/9	2/2

(*)—Rate for steamers "directed" by the Shipping Controller to be fixed to the Royal Wheat (or Sugar) Commission or Timber Controller.

Years 1917 and 1918—Official fixed rate under Government control.

The CHAIRMAN: This will be printed too.

By Mr. Montgomery:

Q. You were asked to produce particulars in regard to the comparative costs of handling flour and grain. Have you been able to get any information on that, Col. Gear?—A. I have particulars taken from averages of cost over the year 1924.

Q. What does it show?—A. It shows the handling costs of flour.

Q. At both ports?—A. At both ports, London being the discharging port.

Q. So that you have detailed in this statement the expenses at the loading port, in the case of flour?—A. Yes.

Q. And the expenses at the discharging point?—A. Yes.

Q. And in a similar way you have the expenses at both ports for grain?—A. Yes.

Q. With what result?—A. With the result that it shows the high cost of handling flour over grain.

Q. Perhaps you can give us the figures, the details, and then you can offer it as an Exhibit?—A. Itemized, do you mean?

Q. No, just give the totals?—A. Handling flour at the port of Montreal, \$1.31.8.

By Sir Henry Drayton:

Q. Per what?—A. Per ton.

The CHAIRMAN: Perhaps we had better have the various items that enter into that \$1.31.8 per ton.

Mr. MONTGOMERY: It is a rather long statement, Mr. Chairman.

The CHAIRMAN: There is a tremendous amount of interest among millers and others upon this point, and I think we might very profitably spend a little time on it.

Mr. SYMINGTON, K.C.: This has been before the millers largely, and the millers dispute it. Suppose he files it, and I can get some miller to look it over.

Mr. MONTGOMERY, K.C.: If the matter is of such general interest let him read it out right now, and get them interested in it in that way.

By the Chairman:

Q. Is this the loading in Montreal, Col. Gear?—A. The items, the loading in Montreal. For handling, 79 cents a ton.

Q. When you say handling, what does that mean?—A. Stevedoring. Checkers, shedmen, watchmen, 15 cents a ton; cooperage 1 cent per ton.

Q. One cent a ton for cooperage?—A. Yes, Shed rental 10 cents a ton; tarpaulins and straw, 2 cents a ton. The explanation of that charge is that we require to spread straw on the floor of the shed to protect the flour from the dirt and dampness that rises from the concrete. The tarpaulins are used to cover the bags, in case they are any length of time in the shed, so as to protect the bags from dust. The cost of this work we estimate at 2 cents a ton. Cost of plant, 3½ cents.

Q. Just what plant is that?—A. The stevedoring plant, 3½ cents a ton.

By Mr. Symington, K.C.:

Q. Is that a special plant, or just general?—A. For the benefit of the Committee, these figures are taken from our own dock, and the stevedoring work is done by the company. That is the cost of the upkeep of their plant.

By the Chairman:

Q. Depreciation, wear and tear, and so on?—A. Depreciation, wear and tear. Dunnage in the ship—

[Col. William I. Gear.]

Q. Just what is dunnage?—A. It is covering the grain.

Q. But isn't this flour?—A. We put dunnage in between the flour and the grain. Dunnage is covering the grain with deals or boards, and then covering them again with cloths, on which we put the flour, at a cost of 19 cents per ton.

Q. You charge that against the flour rather than as against the grain?—A. Yes, because if we filled up with grain we would not have that expense. Overhead, and various little items we cannot very well spread out, 2-3/10 cents, making a total of \$1.31.8.

Q. What does your overhead include?—A. Superintendents, head checkers and others that have to superintend the handling of the cargo.

Q. Any office expense at all?—A. Very little office expense.

Q. In estimating your overhead, do you assign anything to your office expenses?—A. On the dock, yes.

Q. On plant; that is the stevedoring plant.—A. The discharging at the port of discharge is about 3/6 per ton; or 84 cents, making a total of \$2.15-8/10.

Q. Will you give us the details for the unloading?—A. I have not got that made up.

Q. That is in London?—A. That is as we are given it from London.

Q. 3/6 discharging from London, is it more or less from Liverpool?—A. I do not know, sir.

Mr. MONTGOMERY, K.C.: Both flour and grain are at London, the same port?

The CHAIRMAN: Oh, yes.

The WITNESS: In loading grain; expenses at the loading port, Montreal. Stevedores 13.4 cents per ton. Thirteen and four-tenth cents. Elevating four tenths of a cent per bushel, or seventeen and three tenth cents per ton.

Lining, and carpenters, preparing for the reception of the grain on the steamers, six and seven tenths cents per ton. Cost of plant three and a half cents. And overhead one and two tenths cents. Making a total in Montreal of 42.1 cents.

By Sir Henry Drayton:

Q. As against \$2.15?—A. No, as against \$1,318, at the discharging port, London. It cost us about nine pence a ton or eighteen cents. Delivered into barges alongside.

Mr. MONTGOMERY, K.C.: Eighteen cents at London as against 84, in the cost of flour.

Sir HENRY DRAYTON: Yes.

By Mr. Symington, K.C.:

Q. Are both delivered into barges?—A. That depends on circumstances. The total for grain is 60.1 cents per ton. This makes flour cost about 7 cents per 100 lbs. more than grain for actual handling expenses.

By the Chairman:

Q. Now, Colonel, suppose you have a good deal of grain and you have got some general cargo also, do you have to use any dunnage in the ship over the grain before you put in the general cargo?—A. If we put the general cargo in the hold on top of grain, yes. But usually the general cargo is put in the 'tween decks and the flour is used to put on top of the grain.

Q. This is what I see here—you may have an adequate explanation—in regard to flour you charge a considerable amount for dunnage in the ship. In regard to the grain you do not charge any. Is that quite fair?—A. No, you are charged something for the grain. If you look at the "Lining and Carpenters' Work" you have 6.7.

[Col. William I. Gear.]

Q. Does "Ship Lining" refer to the same thing in regard to grain as "Dunnage" refers to flour?—A. No, sir.

Q. Sometimes you have to use dunnage in regard to grain when you are not carrying flour, don't you?—A. No, because we would fill up with grain.

Q. I may be quite wrong but I thought that quite often you would have a certain amount of grain in your ship and then you have to cover it with boards and then you would put other cargo on top. Does not that make a fair charge against the grain?—A. In loading a steamer, the superintendent on the dock is given a cargo list setting forth the cargo that he is probably going to get. If he has a hold and he decides to put a certain amount of grain in it, and he is going to take care of his flour, he will invariably unless something very exceptional takes place, put that flour on top of the grain. And only one hold has been taken as an example.

By Mr. Symington:

Q. Does nothing else go on grain then, but flour?—A. In loading a ship, the superintendent divides his cargo up, so that if possible he puts his flour on top of the grain.

Q. A desirable cargo, because it is good to put on top of grain?—A. It is good, and the best thing he can put on top.

By Sir Henry Drayton:

Q. That is really in the convenience of the ship?—A. Yes.

Q. It is more convenient to have that there than any other kind of cargo.

By Mr. Black:

Q. It is not only more convenient, but is it not safer in that it prevents the shifting of the cargo?—A. That is correct.

Q. No cargo will secure grain and make it so safe as flour. You can put package stuff there which is liable to break, and the moment those packages break, in bad weather, the grain gets loose, and the moment a few bushels of grain get loose, the whole hold is adrift, is that not the case, Colonel?—A. That is very largely so, sir.

By Sir Henry Drayton:

Q. What dunnage have you employed for the purpose of your calculation?—A. Between four and five hundred tons of flour.

Q. And how do you arrive at your overhead in connection with that five hundred tons of flour? Is this based on a trip or is this a year's business?—A. I have taken the handling on our docks for an entire season. And we have proportioned out the cost per ton that it has cost us on the dock to handle the cargo.

Q. In other words, you start with your total and then you allocate back?—A. Yes sir.

Q. And while I am not suggesting that you are not trying to do the best you can, it is an arbitrary allocation.—A. No sir, if I had taken an arbitrary allocation, I could have made the handling charges considerably over 79 cents.

Q. That would have been a stretch, wouldn't it?—A. No, it would not be a stretch. I could give you steamers that would show that. This is an entire average over the seven months.

Q. How did you arrive at that as an example, over the package freight?—A. We took the entire amount of package freight. As regards the shed rental, for instance, the entire amount of inward cargo as against the package freight outwards.

Q. How did you distinguish and arrive at the proportion of cost of the flour as against the other package freight?—A. In handling our ships we have timekeepers and they allocate to each class of cargo the cost of handling it.

[Col. William I. Gear.]

Q. So that is actually done currently as the business is going on?—A. Yes.

Q. Now am I right in understanding you to say that the whole tonnage for the season is 500 tons?—A. No sir. That was an arbitrary quantity that we took, simply to fill up one hold after giving the hold a portion of grain, as we thought that a fair thing to do.

Q. Then we have a mixture of actual facts and calculations.—A. Up to a certain point you must have calculation, because on some boats we had a thousand tons or 1,200 tons of flour, and on another boat we would have perhaps only 100 or 200 or 300 tons.

Q. Let us see if we can get it plain then. It cannot be for the season, because you have got this confined to the one hold. Have you got any accurate figures showing the actual transaction, the actual cost on any one loading?—A. I can get that for you.

Q. How much is it based on the actual cost of loading and how much on the general season's average, because I have not been able to ascertain that at all.—A. The entire amount with the exception of that tonnage, is on the season's average.

Q. And how do you get at the dunnage?—A. The dunnage is taken from the average cost of a steamer carrying four to five hundred tons of flour, the balance in that hold being grain.

Q. Confined to one hold?—A. One hold.

Q. Now tell me one thing that I do not understand here at all: the other evidence has gone to show that the cost of port charges is much higher in England than here. At least I would so understand that, that they are pretty heavy. You show the port charges in England to be a mere fraction of the port charges here. About half, isn't it, or is it as much as half?

Mr. SYMINGTON, K.C.: 84 to 131.

By Sir Henry Drayton:

Q. Less than half in connection with grain. I thought our grain facilities were supposed to be good. How do you arrive at that?—A. These arbitrary rates were given to me from England, and how they arrive at them I do not know, but I think they are very moderate in both cases.

Q. I would have thought your grain was particularly out of line?—A. Very moderate.

Q. We are supposed to have good grain facilities at Montreal; supposed to have about the best, and yet they are very much better in England apparently.

Mr. SYMINGTON, K.C.: I think probably, Sir Henry, we have only got it into a barge. Then there are a lot of barge and dock charges.

Sir HENRY DRAYTON: Yes, that is what I thought it was. Because in connection with the grain, the witness did say it was merely a barge transaction, but there again that is covering all the cost of taking it out of your spout.

The WITNESS: Practically this is the spouting.

Sir HENRY DRAYTON: Then you would have to increase, in order to get it fairly—increase the grain charges by your dock dues and that sort of thing.

Mr. SYMINGTON, K.C.: Lightering.

The WITNESS: In London they have got a lot of customs, as well as charges; and barge owners have certain rights which seem to enable them to go amongst the docks and I believe they do not pay any dock dues. So probably the price that has been given us is a sample of handling of this grain.

By Sir Henry Drayton:

Q. Do the barge people do all this for nothing?—A. That would be the receiver, sir.

Q. That is added to the receiver?—A. Oh yes, he pays that; not the ship.

Q. In connection with flour, your flour charges; does that cover the dock dues in England?—A. No, that is given to me as the stevedore charges of handling flour.

Q. That would be the stevedoring into the shed?—A. Not necessarily. They are also taken into barges.

Q. Do you know how that is?—A. I do not, sir.

Q. Do you know what the cost of handling flour with proper mechanical devices is? For example the cost at Antwerp, where I understand they still handle it?—A. I do not, sir. We have no steamers running to Antwerp.

Q. And of course you have no mechanical devices in Montreal except the hoist?—A. We have not.

Q. Have you ever recommended them?—A. No, I never could recommend it, because from information that I have been able to gather, the mechanical device would only be a labour saving device provided you were filling a steamer. But where we have, as I said a few minutes ago, one hundred or one hundred and fifty tons, or perhaps 1,200, and we are spreading that all over the ship, the movement of that mechanical device about to take care of the flour would probably cost a great deal more.

Q. You might suggest the same thing about grain; that it only pays to use it for grain when you are getting a load?—A. No, because grain is delivered to us from a spout.

By the Chairman:

Q. Colonel, would you have to use dunnage in a ship which was carrying flour, unless you had grain?—A. I think we would. I think that our superintendent would simply use the cloths to protect the flour from the lining of the ship.

Q. Therefore, the necessity for dunnage is due to the presence of grain in your ship, and not to the presence of flour?—A. That is true, I suppose, but in the Montreal trade we cannot get away from grain, and we will have grain I suppose for many years to come; and grain, as you have already been informed, is the major part of our cargo.

Q. I am not critical, sir, of your handling as much grain as you want to. I am open to further information, but what I am critical of is the accountability which charges the dunnage against the flour when the dunnage is made necessary by the presence of the grain.

Mr. MONTGOMERY, K.C.: Would you charge it all against the grain, Mr. Chairman?

The CHAIRMAN: It would seem to me that that would be the fair thing.

Mr. MONTGOMERY, K.C.: I cannot see that.

The CHAIRMAN: If you have no grain in your ship you will not require any dunnage. Why therefore charge the cost of dunnage against the cargo that goes above the grain, instead of charging it to the grain.

Mr. SYMINGTON, K.C.: It is to protect the grain and not the flour really.

The CHAIRMAN: As I understand, the dunnage is to prevent the grain from shifting in the hold; am I not right?

Mr. BLACK: With general cargo a great deal of dunnage is required, and the general cargo fills the space the grain occupies. There would be quite a heavy charge for dunnage. It is necessary in stowing the ship.

[Col. William I. Gear.]

By the Chairman:

Q. Then would not dunnage be a fair charge to apportion against all the cargo in the ship?

Mr. BLACK (Halifax): It is all charged to dunnage, but it just happens we have struck on a special movement of grain.

By the Chairman:

Q. I would like further light as to what justification there is in a mixed cargo, in which both grain and flour are present, for charging all of the dunnage against the flour and none against the grain?—A. I explained a few moments ago, sir, that if we filled up the hold with grain, we would have no dunnage.

Q. I grant you that, but you have not, in this suppositious case, and as a matter of fact, tonnage which will allow you to fill up entirely with grain?—A. Sometimes we do fill the hold with grain.

Hon. Mr. STEVENS: Mr. Chairman, why not put the question to the witness this way: Supposing you had no grain for the hold and put the flour in it, would you require dunnage?

The WITNESS: You would require a certain amount of dunnage to protect the flour in the bottom of the hold; we would likely use cloths.

By Hon. Mr. Stevens:

Q. Is the dunnage used for the purpose of protecting the flour?—A. If it were only flour, yes.

Sir HENRY DRAYTON: What ever is there has to be protected.

By Mr. Symington, K.C.:

Q. Would you sooner have the hold filled with grain or filled with grain and flour?—A. As a rule, I would sooner fill with grain.

Q. You would sooner carry grain alone than grain and flour?—A. You would make more money.

Mr. SYMINGTON, K.C.: Oh, you would, would you?

Sir HENRY DRAYTON: That depends on this computation very much.

Mr. SYMINGTON, K.C.: I would think so.

By Mr. Black (Halifax):

Q. Colonel Gear, do you know of any mechanical appliances that are in any port used for the loading and discharging of cargo? Is there any port fitted with such appliances, other than the usual way of discharging by stevedoring and placing the flour in slings, and so on?—A. Not on the North Atlantic, as far as I know.

Q. Nothing in New York?—A. Nothing in New York.

Q. Anything in Antwerp?

Mr. SYMINGTON, K.C.: They lighter it in New York.

The WITNESS: Yes, but Mr. Black was asking if there was any mechanical device, such as cranes.

Sir HENRY DRAYTON: My recollection is that in Antwerp they had mechanical carriers which carried the sacks or bags of flour in a stream. You will see the same thing in principle at the Liverpool docks. When you land there, you will see the baggage coming in on an endless belt, saving all the cost of people carrying it and collecting it in these slings.

Mr. MONTGOMERY, K.C.: It is suggested, Sir Henry, that it is not practical to do that in Montreal where you are stowing other package cargo.

Sir HENRY DRAYTON: That depends on the grain they carry.

[Col. William I. Gear.]

Mr. BLACK (Halifax): I do not want to take up the time of the Committee on this detail, but to my mind the baggage principle could not be applied economically to a cargo of flour. They could not carry flour into the hold that way; it would have to be transferred to slings, and lowered into the hold, and that might just as well be done on the dock as on the deck of the ship.

Sir HENRY DRAYTON: My recollection is they did the whole thing, but I may be wrong. They had the carrier going down into the hold, too.

Mr. MONTGOMERY, K.C.: Have you finished with this statement, Colonel Gear?

By the Chairman:

Q. You say it works out at a difference of about seven cents per pound?
—A. Only the handling charges—make that clear.

By Mr. Montgomery, K.C.:

Q. What about the space occupied?—A. Flour occupies 25 per cent more space than grain.

Q. Have you a blue-print that would illustrate that?—A. I have, sir.

The CHAIRMAN: That will be filed as Exhibit No. 57.

EXHIBIT 57: Blue-print showing comparative space occupied as between flour and grain. (Not printed.)

By Mr. Montgomery, K.C.:

Q. Will you carry on, Colonel Gear?—A. What, is next, sir?

By the Chairman:

Q. How does that affect the cost?

By Mr. Montgomery, K.C.:

Q. Will you carry that into figures? You have told us it occupies 25 per cent more space than grain, and have given us the cost of handling. To what does that lead us?—A. Taking wheat at three shillings per quarter, exchange at 4.80, gives us 15 cents per hundred pounds; 25 per cent more room for flour than grain adds $3\frac{3}{4}$ cents to the 15 cents, making $18\frac{3}{4}$ cents; adding the additional cost of 6.95, gives us a flour rate of 25.70 as against a 15 cent grain rate.

Q. Now, you were also asked to get information with regard to the changes in cattle rates over a certain period of years?

The CHAIRMAN: I think we had better produce this whole statement of the Colonel's, had we not?

Mr. SYMINGTON, K.C.: We ought to have it checked up, because the millers will never accept these rates.

The CHAIRMAN: We will produce this as Exhibit No. 58.

EXHIBIT No. 58

EARNINGS ON FLOUR AS COMPARED WITH GRAIN
ON LONDON CARGO

May 4, 1925

LONDON BOATS

Flour		Grain				
Expenses at Loading Port	At Discharging Port	Expenses at Loading Port	At Discharging Port			
Handling.....	.79	3/6 per ton=84c. at \$4.80 ex.	Stevedores.....	.134	9d. per ton=18c. per ton.	
Checkers	}.....	}	Elevating 4/10ths of a	}	}	
Shedmen			cent per bushel.....			.173
Watchmen			Lining and carpenters..			.067
Carpenters.....	.01	Cost plant.....	.035	Overhead.....	.012	
Shed rental.....	.10					
Tarpaulins	}.....					
Straw					.421	
Cost plant.....		.035			.18	
Dunnage.....	.19					
Overhead.....	.013		Total.....	\$0.601		
Miscellaneous.....	.01			per ton		
	1.318					
	.84					
Total.....	2.158					

No. 2

FLOUR

<i>Space</i>		
60,000 cu. ft. 1,000 tons at 20c. per 100 lbs.....		\$ 4,480 00
Less cost of handling at \$2,158 (per ton.....	\$ 2,158 00	
“ claims at 12c. per ton.....	120 00	2,278 00
		<u>\$ 2,202 00</u>

GRAIN AT 3/- PER Qr. 480 LBS.

60,000 cu. ft. = 6,000 qrs. at 3/- = £900 at \$4.80 Ex.....	\$ 4,320 00	
Less cost handling 6,000 qrs. at 480 lbs. to qr., 1,285 tons at 601c.....	772 29	3,547 71
In favour of grain.....		<u>\$ 1,345 71</u>

GRAIN AT 2/- PER 480 LBS.

60,000 cu. ft. = 6,000 qrs. at 2/- = £600 at \$4.80 ex.....	\$ 2,880 00	
Less cost handling 6,000 qrs. at 490 lbs. to the Qr. = 1,285 tons at 601c. per ton.....	772 29	\$ 2,107 71
Flour.....		<u>2,202 00</u>
In favour of flour.....		<u>\$ 94 29</u>

The CHAIRMAN: I think we had better produce this as an exhibit, with the Colonel's permission.

EXHIBIT No. 59

April 27th, 1925

CATTLE RATES

	Manchester Liners	Donaldson Line	White Star
1921—			
February.....		\$40 00	
March.....		35 00	
April.....	\$40 00	35 00 to 40 00	
May.....	40 00	35 00 to 45 00	
June.....	40 00	40 00	\$40 00
July.....	40 00	30 00 to 40 00	30 00 to \$40 00
August.....	40 00—\$30 00	30 00 to 40 00	30 00
September.....	30 00	30 00 to 37 50	30 00
October.....	30 00	25 00 to 30 00	30 00
November.....		25 00 to 30 00	30 00
December.....		20 00 to 30 00	20 00 to 25 00
1922—			
January.....	20 00	20 00	
February.....	20 00	20 00	20 00
March.....	20 00	20 00	20 00
April.....	20 00	25 00	20 00, 22 50 & 25
May.....	22 50	25 00	25 00
June.....	25 00	25 00	25 00
July.....	25 00	25 00	22 50 to 25 00
August.....	25 00	25 00	22 50 to 25 00
September.....			20 00 to 25 00
Oct., Nov., Dec.....	20 00	20 00	20 00
1923—			
Jan./Feb.....	20 00	20 00	15 00
March.....	20 00	20 00	20 00
April.....	20 00	22 50	20 00
May.....	20 00	22 50 to 25 00	22 50

and \$20.00 up to the present time.

By the Chairman:

Q. Hon. Mr. Sinclair suggested that perhaps you might explain the variations, Colonel. Might I interject that question at this time, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Yes, certainly.

The WITNESS: The variations depended on the demand, in each line's opinion as to what the rate was worth.

By Mr. Symington, K.C.:

Q. Is that what brought, for instance, the White Star rate down to \$15, because that is what they thought it was worth?—A. I really do not know what made them come down to \$15.

Q. Then your answer was not quite accurate?—A. As far as I know my answer is accurate.

By Hon. Mr. Sinclair:

Q. At the lowest points, Colonel Gear, are we to understand that that is the time of year when the most cattle is moving, or is it the other way about?

The CHAIRMAN: Did you hear the question, Colonel Gear?

The WITNESS: Yes. I simply want to see if I can answer it thoroughly. It entirely depends upon the season, and the demand for stock in England and Scotland.

[Col. William I. Gear.]

By Mr. Symington, K.C.:

Q. Are there any months when it moves more heavily than others, generally speaking, Colonel?—A. Take the present year; we have had a demand for nearly all the space we have got. Another year it will be just the reverse. It depends upon the markets.

By Hon. Mr. Sinclair:

Q. The Colonel tells us the variations in price are according to the demand. He might explain that a little more. When the demand is keen, are we to understand that the price is more, or less?—A. When the demand is keen, we try to get a little more for the trade.

By Mr. Montgomery, K.C.:

Q. I understand that the current cattle rate is approximately \$20, is it not, or is it \$20?—A. It is \$20.

Q. What have you to say as to that, as a remunerative rate, as compared with other average cargoes?—A. Cattle between decks does not pay as well as grain, or rather as well as flour.

By the Chairman:

Q. That is cattle between decks?—A. Yes sir.

Q. It does not pay as well as flour, but what about cattle carried on the top deck?

By Mr. Montgomery, K.C.:

Q. You do not carry flour there, I suppose?

The WITNESS: What was your question, sir?

By the Chairman:

Q. My question was, you gave us your view that cattle did not pay as well between decks as flour did, and I asked you how cattle paid carried on the top deck?—A. My opinion is that carrying cattle on the top deck does not pay, that the deviation charges and extra port charges that we have to go through eat up the price that we get for the deck.

By Mr. Montgomery, K.C.:

Q. Now, I understand that in comparisons of this kind, a great deal would depend upon the type of the ship, would it not?—A. Certainly it would.

Q. The cubic space that is sacrificed for the flour, or for other cargo, particularly where you are speaking of carriage between decks, that is true, is it not?—A. It is true.

Q. The question of height?—A. The height of the 'tween decks.

Q. The height of the 'tween decks, consequently the number of feet sacrificed would have, of course, a bearing on your comparison, would it not?—A. It would.

Q. So that between different lines and different boats, you would find somewhat different figures?—A. You would find a variation.

The CHAIRMAN: But why does the Colonel talk about deviation? I was trying to compare or get an idea as to the remunerativeness of carrying cattle in a certain part of the ship. He answered that the deviation they have to make eats up the profit.

Mr. MONTGOMERY, K.C.: I think he is speaking of something else. He, as I understand it, was giving a comparison between decks, something upon which flour, for instance, could be carried. I am not a stevedore, or a ship man, and I do not understand about carrying on the top deck, consequently for your comparison you have to get some things which are on a common

[Col. William I. Gear.]

basis. The other question is a different one, as to the cost of something else, but the question I am at present taking is something which is comparable, namely the occupation of the same space by two cargoes for which it can be used, and as to how one compares with the other. That other question as to the carriage somewhere else can be taken up independently.

Mr. SYMINGTON, K.C.: What the Chairman is getting at and what I would like to know is, there is a deviation charge when they are on deck and none when they are not on deck?

Mr. DUFF: They carry them for less on deck.

Mr. SYMINGTON, K.C.: The deviation and the port charges eat up the profits for the deck load.

Mr. MONTGOMERY, K.C.: I think we should finish this question first.

The CHAIRMAN: I have no desire to break in on your examination. Proceed.

The WITNESS: I have used for a comparison a boat just fitted up at St. John. I have all the accounts and I thought I could not do better than get away as far as possible from estimates and I have the accounts with me. The estimate is made up on the basis of 351 cattle and the cost of carrying these 351 cattle, fitting up for these 351 cattle is \$8.28 per head.

By Sir Henry Drayton:

Q. That could be used again, could it not?—A. I was going to say that that includes simply a depreciation for the space, depreciation on the cost of fittings.

By Mr. Symington, K.C.:

Q. The fittings, not the space; a depreciation on the structure?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Is that on deck or 'tween deck?—A. 'Tween deck: Allowing an extreme time for the stalls to last, ten years, which some of my confreres think is out of the way; they think it should be five years, but for fitting this boat up, hoping she will be permanently in the cattle trade, I have taken in the cost of loading the feed, loading the cattle, cleaning the ship on the other side and all incidental expenses in connection with the matter, which comes to \$8.28. On this particular boat we carried 247 cattle in the 'tween decks. Taking the cattle at \$20 a head, less the expenses, the net earnings would be \$2,894.84. Taking flour at 20 cents in that space we would make an earning of \$3,822.01; in favour of flour \$927.17.

By Mr. Duff:

Q. Have you deducted handling charges out of the flour?—A. Yes, \$2.15.8.

By Mr. Montgomery, K.C.:

Q. What rate do they use for flour?—A. 20 cents.

Q. So your net loss would be— —A. We have not taken into account the cost of deviation as our boats carrying cattle are sailing almost exclusively to Avonmouth; we have to land cattle at either Glasgow or Birkenhead, so we have to take care of a deviation, that deviation costs us £505. I have taken no account of possible demurrage because the boat is not ready to sail when we order the cattle. I would like to say for the benefit of the Committee that we have to order cattle for the steamer on an average of ten days ahead. We have to take all the chances of the boat getting in on time and sailing on time and if we fail to sail her on the hour we have to pay demurrage on the cattle. That is a charge we are frequently faced with.

Q. To avoid that do you have to work overtime?—A. We do sometimes, overtime at night; sometimes three or four nights to get the boat ready.

Q. Is that an extra expense?—A. That is an extra expense in handling the cargo.

Q. None of these items are taken into account at all in the figures you have given us?—A. No. Answering the Chairman's question now regarding the deck, I did not in my estimate, based on facts, take the deviation into account but in carrying the deck load I am putting a deduction against that deck load there is no profit in the business.

By Mr. Symington, K.C.:

Q. Why do you put it against the deck-load and not the other?—A. I did not think you were going to bring the deck-load up and I was simply putting the actual absolute expense without referring to the deviation except to mention it.

By Sir Henry Drayton:

Q. Suppose we were to get an illustration in connection with deck loads it might help us. You are comparing it with another cargo 'tween decks. Now, you load deals on deck. What would be the comparison between cattle and deals?—A. I would require to take a few minutes to figure that up for you. I have not got it.

Q. That would be fairer, say, to take the deck load, than changing the deviation?—A. Yes.

By Mr. Duff:

Q. Do you charge the same rate for cattle on deck as you do for under deck?—A. Yes.

Q. Why is that?—A. We have only one rate for cattle whether on deck or under deck.

Q. It is worth more to carry them under deck?—A. That shows our generosity to the trade.

MR. SYMINGTON, K.C.: Is that statement going in that you are giving us?

THE CHAIRMAN: I presume so. You had better produce them.

THE WITNESS: Mr. Montgomery, have you got a copy of this?

MR. MONTGOMERY, K.C.: Yes, I have one. That was just handed to me. Have you any objection to putting it in.

THE WITNESS: No, I will put it in if they wish it. I will put in this copy but I have these figures here.

THE CHAIRMAN: This is Exhibit No. 60.

EXHIBIT No. 60

May 4th, 1925

Feed space 351 cattle—10,000 c.f. at 10c.....	\$ 1,000 00
“ 11 men, 1 foreman, 1 Vet., 1 add. men in crew—14 men 26 days at 75c..	273 00
Space occupied by men equal to about 6 cattle at \$20.00.....	120 00
Stalls upkeep \$1.00 per voyage.....	351 00
“ good for 10 years cost \$3,510.....	\$ 3,510 00
Water service and other necessary fittings.....	464 65
Light.....	199 65
Rope.....	211 59
	<hr/>
	\$ 4,385 89

Bunks cost about \$280.00, 12, say repairs, etc. about.....	10 00
10 years—\$439.00, depreciation per year say 8 voyages, per voyage.....	54 88
Water casks, 26 at \$2.00, depreciation at 25%.....	13 00
Stalls knocked down to stow cargo, reerected 2/3 Tween decks.....	112 00
Loading cattle feed 142,155 pounds at \$1.48 per ton.....	93 92
“ “ 351 at .506c. per head.....	177 61
Unloading cattle and cleaning ship at \$2.00.....	702 00
	<hr/>
351 cattle at \$8.28 per head.....	\$ 2,907 41

Cattle loaded on this trip—

247 cattle in 91,370 c.f. plus 7,410 c.f. for feed=98,780 c.f. at
60 c.f. 1,646 tons

247 cattle at \$20.00 per head.....	\$ 4,940 00
less for expenses at \$8.28 per head.....	2,045 16
	<hr/>
	\$ 2,894 84

Flour—

1,646 tons at 2,240 lbs.—3,687,040 lbs. at 20c.....	\$ 7,374 08
less handling on both sides \$2.158 per ton.....	3,552 07
	<hr/>
	3,822 01

In favour of flour.....	\$ 927 17
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400 cattle want 300 tons water.

Feed per animal per voyage—300 lbs. hay, 105 lbs. feed for 15 days.

Steam waiting cattle.

Demurrage we pay 50c. per head per day.

Deviation: Donaldson Line sail to Monmouth but have to land cattle at Glasgow or Liverpool.

Port charges.....	£ 230
3 days.....	120
Coal.....	155=120 tons coal at 26/-
	<hr/>
	£ 505

By Mr. Symington, K.C.:

Q. Before you adjourn, Colonel Gear, you were going to look up about a communication from Cairns-Noble about the 5th or 6th of June. Did you look that up?

Mr. MONTGOMERY, K.C.: Let us get that in the morning.

The WITNESS: I will get that for you in the morning.

The Witness retired.

The Committee adjourned until 3.00 o'clock, May 6th, 1925.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 11—Wednesday, May 6, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.
Mr. H. H. Donald, for Sir William Petersen.

EVIDENCE

Col. William I. Gear, General Manager, Robert Reford Co., Ltd., Montreal.
(Continued)
Mr. John P. Doherty, Traffic Manager, Canadian Government Merchant
Marine, Montreal.

EXHIBITS

- No. 61—Capacities and carryings of Donaldson and Anchor-Donaldson
Lines, 1923, 1924, 1925. Filed by Col. W. I. Gear. (Read into evi-
dence)
No. 62—Statement. Cattle versus deals on well deck. Filed by Col. W. I.
Gear. (Read into evidence)
No. 63—Cable. Cairns, Noble & Co. to Robert Reford Co., Ltd. Filed by
Col. W. I. Gear. (Read into evidence)
No. 64—Cable. Robert Reford Co., Ltd. to Cairns, Noble & Co. Filed by
Col. W. I. Gear. (Read into evidence)
No. 65—Statement. Costs of carrying cattle by the G.G.M.M. steamers.
Filed by John P. Doherty. (Read into evidence)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

WEDNESDAY, May 6, 1925.

The Committee met at 3 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—15. (All members present.)

Colonel William I. Gear, who was again in attendance, was further examined and retired.

During the course of his examination Colonel Gear filed the following exhibits: No. 61, "Capacities and Carryings of Anchor-Donaldson Lines, 1923, 1924, 1925" (read into evidence); No. 62, Statement, "Cattle versus Deals on Well Deck" (read into evidence); No. 63, Cable, dated June 7, 1924, Cairns Noble & Company, Newcastle-on-Tyne, to Robert Reford Company, Limited, Montreal (read into evidence); No. 64, Cable, dated June 7, 1924, from the Robert Reford Company, Limited, Montreal, to Cairns Noble & Company, Newcastle-on-Tyne (read into evidence).

Mr. John P. Doherty, Traffic Manager, Canadian Government Merchant Marine, Montreal, who was in attendance in obedience to summons, was called, sworn, examined, and retired.

During the course of his examination Mr. Doherty filed Exhibit No. 65, "Costs of Carrying Cattle by the C.G.M.M."

The Committee adjourned at 5.55 o'clock p.m. to meet again at 3.30 o'clock p.m. to-morrow, Thursday, May 7, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
WEDNESDAY, May 6, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Peterson, K.C.B.E., as set out in said resolution, met to-day at 3 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The quorum being present, the Committee will kindly come to order. I suppose we should, first of all, have correspondence and motions. Have Counsel anything to say to the Committee?

Mr. SYMINGTON, K.C.: Mr. Chairman, I asked yesterday, as you know, for the information furnished by the Cunard and White Star Lines, and my learned friends handed to the auditor the Cunard information. I want to state to the Committee that in consultation with him, he states that the information is absolutely useless. In fact, his language was that it was "an insult to his intelligence to give it to him" for it is of no use at all. Now, we might just as well know where we are going to be with respect to this information. If my friends are not going to produce anything that is of use, let them say so. There is no use in producing anything such as the Cunard people have sent out here, because it is absolutely useless, according to Mr. Scott's instructions to me.

Mr. MONTGOMERY, K.C.: I am sorry that Mr. Scott should not have told us. This is the first intimation we have had regarding this matter. I have not seen it, so I cannot pass any judgment, but I know they were requested to send full information, and I understand it came. We can only produce what we have received. If the information differs in any way from the information given by the other lines, we would be glad to have those differences called to our attention. We have done everything we can to get this information, but you can readily appreciate the difficulty of getting stuff from the other side. It all has to be cabled for, and it is quite possible the information made up by one office independently may not be the same as that made up by the others. That is one of the regrettable circumstances incidental to conducting an inquiry on this side regarding voyage accounts which are on the other side. I wish to state to the Committee that it is our disposition to give the Committee and Mr. Scott all the information in our power, but I cannot deal with my learned friend's complaint specifically, because I do not know what it is.

Mr. SYMINGTON, K.C.: We asked, of course, for the voyage records which would show the earnings and disbursements of the ships, and we have not got them from any of the British lines. The Cunard's statement consists of three sheets, of what is virtually a supposed balance sheet, and the boats—for the purpose, I presume, of the secrecy which seems to me to be a good deal of cant—are numbered "A," "B," "C" and "D." They use symbols throughout, and the results of any voyages we have not got; even such as were produced by some of the other British lines in the form of a statement made up in their own way, which attempted to show them. We have nothing like that in this information. They simply show what is virtually a balance sheet—that is all; it amounts to

nothing. Mr. Scott, I may say, is making up from what he has a statement for this Committee as well as he can, but it will all be predicated by his own judgment. Even eliminating a good many things which have been included by the other lines, it still will not paint a correct picture of the freight traffic upon the North Atlantic. The Committee may as well know that. We wanted the voyage sheets so that we would know the actual disbursements and the actual receipts, and we have not got them.

MR. MONTGOMERY, K.C.: I think there may be a considerable difference of opinion as to what voyage sheets are. In the only conversation which I had with Mr. Scott I asked him if he had all the information he wanted, and he said there was not sufficient detail. I found out that what he wanted was the actual detail behind everything that goes into the voyage sheet. The voyage sheets I have seen—and I do not profess any familiarity with them—do not contain down to the nth degree the details of everything. That can only be secured by an audit. They can go over to the other side and audit all the books and records. The only company which has an office here, the C.P.R., have thrown their records quite open to Mr. Scott, so he can go and look for anything he wants. Obviously, all that information cannot be had over here, and I am told the voyage sheets required are the ordinary voyage sheets.

Now, of course, it will be for the Committee to say to what extent they wish to carry out a thorough audit of all these things. If they do, obviously it will be necessary for Mr. Scott to go to England, and make an audit personally, if my learned friend will not accept the report of the regular auditors of the company, or else delegate some correspondent there to do it, because I am quite sure we could never get before this Committee all the detailed information which Mr. Scott might conscientiously feel he would require in order to attach his certificate to a statement, as he would do in the ordinary way if he were the auditor of the company, and were giving an audited balance sheet. A thing like that will be almost impossible and impracticable, and while we want to facilitate matters all we can, I do not want to leave my learned friend with the impression that we will do the impossible.

THE CHAIRMAN: May I make this suggestion: that prior to our next meeting a conference be held between Mr. Symington, the auditor, and Mr. Montgomery, to see what Mr. Scott feels he requires in order to fulfil his duties satisfactorily, and then we will be able to see how far apart Mr. Symington and Mr. Montgomery are. Perhaps they are nearer than would appear at first blush.

MR. SYMINGTON, K.C.: My judgment would be that we are farther apart.

MR. MONTGOMERY, K.C.: I think my learned friend is not feeling well to-day.

MR. SYMINGTON, K.C.: The fact is that everybody knows what we wanted. We wanted a statement of actual earnings and actual disbursements; we do not want accounts brought in and prepared with certain charges apportioned over this, that and the other thing; we do not want earnings with commissions and brokerages and other things of which we do not know, deducted; we wanted to see what the ships carried; what they got for it; what the actual disbursements were; arriving at the net profit or loss from these figures, and the capital charges and other apportionments and other things could be added to them thereafter. But as guiding this Committee as to what sort of ships make money, as to what cargoes make money, as to whether the lines have or have not made money, the statement—and I exclude the C.P.R., because it is perfectly true, as my learned friend says, that Mr. Flintoft stated to the auditor he could go to the C.P.R. offices, although even there is a difficulty, not of their making, in their system, which would make that difficult—of the British lines—as far as they are concerned—I am satisfied, and the auditor is satisfied that it is

quite impossible to arrive at any conclusion along the lines I have suggested. All we wanted was the actual disbursements and the actual receipts, and we cannot get them.

Mr. MONTGOMERY, K.C.: I think my learned friend is stating his point in rather a severe way. I am quite sure he has them, and it is unfair for him to say that he cannot get them. I say this without having seen the last statement of accounts to which he refers, and I so do because the only difficulty I have had suggested to me was regarding the details behind the items. Well, to the extent that these details may or may not involve inquiry in itself among the original records, it will be for the Committee to say whether they want that done or not.

Hon. Mr. STEVENS: May we say "the statements alleged to be—."

Mr. SYMINGTON, K.C.: I told Mr. Scott and he said he would like to give them to any other member of the Committee and he would show him these things in room 663.

Mr. MONTGOMERY, K.C.: We have expressed the opinion that any member who has any knowledge of voyage sheets or who is interested in the question should look at the statements. I can only reiterate that we have tried so far to lay before the Committee every bit of information that is in our possession. I trust that will satisfy you.

Mr. SYMINGTON, K.C.: It is not me you are satisfying.

Mr. MONTGOMERY, K.C.: If that is disposed of for the time being there is just one other suggestion that I would like to make. I understood it was to be left over for the next meeting.

The CHAIRMAN: That was my suggestion. That is satisfactory to everybody, as far as that goes. We will ask the three gentlemen to get together and find out not how far apart they are, but how near you can get together.

Colonel WILLIAM I. GEAR recalled.

By Mr. Montgomery, K.C.:

Q. Col. Gear, at the adjournment last night you were asked to get particulars as to the comparative revenue between cattle on the upper decks and say deals on the upper deck. Have you been able to get that information?—A. Yes, sir. I have got it on several boats of the Donaldson Line,—the *Concordia*. On her deck are 134 cattle spaces, which at the \$20 rate give a gross revenue of \$2,680. In the winter, owing to the winter deck load being limited, she would carry 137 standard deals, at 70s. which gives a revenue of \$2,301.60, a slight advantage of \$378.40, in the gross revenue on cattle. In the summer she could carry 406 standards at 70s, giving a revenue of \$6,820.80, showing the revenue in favour of deals \$4,140.80.

Q. Now how does the cost of fittings for the top deck compare with the cost of the under-deck?—A. On the *Silesia*—a boat I was using yesterday—the cost of fittings was \$25.21.

By Sir Henry Drayton:

Q. Is that per stall?—A. Per stall, yes.

By Mr. Montgomery, K.C.:

Q. As compared with what figures for the lower?—A. These are permanent stalls. The permanent stalls 'tween decks cost a little over \$10.

Q. I understand where boats are thrown into the cattle business temporarily, with the idea that they will probably have to go back in the cargo business, when the cattle season is over, that they are frequently fitted with stalls that are not permanent?—A. That is correct.

[Col. William I. Gear.]

Q. And that are knocked down at the end of the season?—A. Taken off the ship entirely at the end of the season.

Q. Have you any idea of the cost of fittings of that kind?—A. In the 'tween decks they would amount to \$8 or \$10; on the steel deck \$18 to \$20.

By Hon. Mr. Sinclair:

Q. Are those stalls not taken down on the return trip on every voyage?—A. No, they are not taken down, but there are very heavy repairs as a rule required.

Q. I suppose westbound, the other space may be used for cargo; does the amount of westbound cargo necessitate taking down the temporary fittings on the return voyage?—A. It depends on the class of cargo the vessel brings out. If the vessel brings out steel plates, which are more advantageously stowed in the 'tween decks, then they have to take the stalls down.

By Mr. Montgomery, K.C.:

Q. Your cattle rate last year, I think you told us, was \$20?—A. \$20.

Q. And the prevailing rate was \$20?—A. Yes.

Q. Your head offices, so far as your line is concerned, and I think it applies to all except the Canadian Pacific, are in England, are they not?—A. Yes, sir.

Q. And returns are converted into sterling?—A. Yes, sir.

Q. Have you any idea of the comparison of the rate of exchange in 1925 as compared with 1924, to give us an idea how much in sterling they both would get in 1925 as compared with 1924?—A. Taking the month of March, 1924, and the then ruling rate of exchange, the steamer got £4 12s. 2d. To-day at the rate of exchange at \$4.84, they get £4 2s. 7d. or a loss of 9s. 7d. per head.

Q. I suppose those exchange rates would vary somewhat during the year 1924? You have given them only for the month of March?—A. Yes.

Q. If the rates changed that could be conveniently ascertained?—A. Yes.

Q. But the 1925 figures would compare very unfavourably with the 1924 as regards the returns of the English shipowners?—A. They would.

Q. The advance towards parity has been a comparatively recent one in 1925, has it not?—A. Very recent, in 1925.

Q. Near the conclusion of your evidence last night you were asked certain questions in regard to an item of dunnage, separating your grain from your flour. I would like to know whether or not that is something that should be charged to the grain, as my learned friend suggested, or whether it is a charge which the flour would have to bear in any event?—A. The flour would have to bear it in any event.

Q. Why?—A. If the flour is stowed in the 'tween decks instead of on top of the grain, the steel deck has to be floored with lumber and covered with dunnage cloths to protect the floor, so that the cost is the same.

Q. My attention is drawn to the fact that not only does the shipowner get less for the cattle, due to the rate of exchange, but the cattle shipper on the other hand gets an advantage the other way. However, that is a matter of argument.—A. Yes, that is a matter of argument.

Sir HENRY DRAYTON: That all goes now anyway; that is only useful historically; and the only use to which it can be put at all is what was suggested before, but not followed up, and that was the difference that we could buy in Canadian funds sterling, and American funds, at the time of what on paper looked like a very gross differential as against Canadian flour.

Mr. MONTGOMERY, K.C.: I suppose the great point in this is that the freights being taken here, obviously would yield less to the shipper when in sterling on the other side than they did last year. So that this year's freights at \$20 are really that much less than last year's freights; but taking it just as

the calculation is given, taking it in the difference of rates of exchange alone, over all, it figured out there as a difference of \$2.

The CHAIRMAN: It is probably adjusted in the prices.

By Mr. Montgomery, K.C.:

Q. Have you anything to add about dunnage? Mr. Flintoff suggests that you have not finished?—A. No. I had finished.

By Sir Henry Drayton:

Q. In connection with the cattle movement, Colonel, what is the cattle season? When does it start and stop in Montreal?—A. The cattle season in Montreal begins with the opening of navigation, and closes with the end of November.

Q. And in St. John?—A. It begins with the close of the Montreal season and continues until the opening of the Montreal season; but it is a yearly movement in some years. Some years it is not.

Q. When is your maximum and when is your light movement? Can you show the trend there?—A. The movement varies. In 1923 we had on January 5 a full boat of 355 head. But on January 11, with a boat of 460 spaces we only had 235 cattle.

By Hon. Mr. Sinclair:

Q. Were those spaces not taken at all?—A. No, sir, they were not taken at all. On March 22, 1923, we had a boat with 460 spaces and only had 221 cattle.

June 3, with 494 spaces, we only had 395 cattle.

On the other hand, on August 18, with 410 spaces we only had 276 cattle.

So far as I know, there is no set condition, it is purely, as I stated yesterday, one of market. If there is a demand on the other side, the cattle are shipped freely; if there is no demand, they are held up. For instance, on April 26, last year, we had 420 spaces and we only got 224 cattle. On March 13, 410 spaces, and 247 cattle. January 16, 400 spaces and 246 cattle.

In midsummer, we look for light shipments, because the farmers have got good grazing lands and plenty of water and they will hold the cattle back and fatten them a little. On the other hand, if they have a little drought, they will ship. The business is entirely one of market conditions and feeding.

I have another item here to show you; on August 14, last year, we had 420 spaces and only 275 cattle.

By Mr. Kennedy:

Q. Is there a general movement of cattle?—A. It has been this year.

Q. It is a more or less new business and has only been developing?—A. It has only developed since the embargo was removed.

Q. Is the general trend of the movement a growing one?—A. Yes, this year the cattle steamers, speaking for our own line, have been well filled. Filled to their capacity.

By Mr. Duff:

Q. Have you figured out what percentage of the space on your different boats is taken during the whole season, on the eastbound trip?—A. You mean in cargo?

Q. Yes, general cargo. What percentage of the space is taken?

Mr. SYMINGTON, K.C.: I think those ought to go in. Instead of selecting certain ones, the whole thing should go in, including this year's, that you have there, 1924 and 1925.

The CHAIRMAN: This is headed, "Statement of capacities and carryings Anchor-Donaldson Lines for 1923-24-25 to date."

The WITNESS: These are only our own boats.

The CHAIRMAN: Put those together as Exhibit 61.

EXHIBIT No. 61.

STATEMENT OF CAPACITIES AND CARRYINGS DONALDSON & ANCHOR DONALDSON LINES, 1923, 1924, 1925 TO DATE

Steamer	Date	Capacity Spaces	Carried Spaces
1923			
<i>Gracia</i>	Jan. 5	355	355
<i>Concordia</i>	Jan. 11	460	235
<i>Lakonia</i>	Jan. 26	454	439
<i>Kastalia</i>	Feb. 2	408	326
<i>Gracia</i>	Feb. 25	355	333
<i>Concordia</i>	Mar. 22	460	221
<i>Cabotia</i>	April 28	84	84
<i>Concordia</i>	May 17	460	460
<i>Gracia</i>	June 2	456	456
<i>Parthenia</i>	June 3	494	395
<i>Lakonia</i>	June 8	454	454
<i>Cabotia</i>	June 10	84	84
<i>Concordia</i>	June 27	460	460
<i>Gracia</i>	July 1	456	456
<i>Kastalia</i>	June 23	408	408
<i>Parthenia</i>	July 11	494	411
<i>Lakonia</i>	July 20	454	449
<i>Cabotia</i>	July 18	84	84
<i>Kastalia</i>	July 29	408	405
<i>Gracia</i>	July 27	463	463
<i>Concordia</i>	Aug. 11	460	445
<i>Parthenia</i>	Aug. 18	410	276
<i>Gracia</i>	Aug. 25	456	337
<i>Cabotia</i>	Aug. 26	84	84
<i>Lakonia</i>	Sept. 1	445	374
<i>Concordia</i>	Sept. 18	460	387
<i>Parthenia</i>	Oct. 3	410	356
<i>Gracia</i>	Sept. 22	456	270
<i>Gracia</i>	Oct. 20	456	456
<i>Lakonia</i>	Oct. 31	445	255
<i>Parthenia</i>	Nov. 14	410	361
<i>Gracia</i>	Nov. 18	456	289
<i>Kastalia</i>	Nov. 29	400	393
<i>Lakonia</i>	Dec. 24	445	404
<i>Gracia</i>	Dec. 29	420	33
1924			
<i>Kastalia</i>	Jan. 16	400	246
<i>Parthenia</i>	Jan. 22	410	181
<i>Lakonia</i>	Feb. 19	445	443
<i>Parthenia</i>	Mar. 13	410	247
<i>Kastalia</i>	Mar. 24	400	400
<i>Parthenia</i>	April 26	410	224
<i>Gracia</i>	May 9	420	191
<i>Concordia</i>	May 10	460	217
<i>Kastalia</i>	May 30	400	397
<i>Parthenia</i>	June 6	410	360
<i>Gracia</i>	June 5	420	317
<i>Buteshire</i>	June 19	197	196
<i>Concordia</i>	June 20	533	532
<i>Kastalia</i>	June 29	464	452
<i>Gracia</i>	July 10	420	314
<i>Parthenia</i>	July 18	410	358
<i>Buteshire</i>	July 24	197	194
<i>Concordia</i>	Aug. 1	533	533
<i>Gracia</i>	Aug. 14	420	275
<i>Kastalia</i>	Aug. 8	464	464
<i>Parthenia</i>	Aug. 29	410	410
<i>Gracia</i>	Sept. 11	420	316
<i>Concordia</i>	Sept. 12	533	533

STATEMENT OF CAPACITIES AND CARRIINGS DONALDSON & ANCHOR DONALDSON
LINES, 1923, 1924, 1925 TO DATE—*Con.*

Steamer	Date	Capacity Spaces	Carried Spaces
1924			
<i>Kastalia</i>	Sept. 19	546	546
<i>Gracia</i>	Oct. 9	317	314
<i>Parthenia</i>	Oct. 10	494	481
<i>Kastalia</i>	Oct. 19	546	546
<i>Concordia</i>	Nov. 1	533	533
<i>Parthenia</i>	Nov. 22	494	494
<i>Kastalia</i>	Nov. 28	546	546
<i>Gracia</i>	Nov. 8	317	317
<i>Gracia</i>	Dec. 12	521	505
<i>Concordia</i>	Dec. 24	533	533
1925			
<i>Parthenia</i>	Jan. 9	494	494
<i>Kastalia</i>	Jan. 23	550	550
<i>Concordia</i>	Feb. 13	533	533
<i>Kastalia</i>	Mar. 2	550	550
<i>Parthenia</i>	Mar. 7	494	494
<i>Concordia</i>	Mar. 27	533	533
<i>Kastalia</i>	April 10	550	550
<i>Salacia</i>	April 24	540	540

By Mr. Symington, K.C.:

Q. Did you put in those figures you gave of comparisons of deals, or is there anything to it except what you read?—A. Nothing to it but that.

The CHAIRMAN: Would you like that in too, Mr. Symington?

Mr. SYMINGTON, K.C.: We might want to look it over.

By the Chairman:

Q. Mr. Symington wants to know whether you will put in the statement as to comparative earnings on deals and cattle?—A. Yes.

The CHAIRMAN: This will be Exhibit 62.

EXHIBIT No. 62.

COMPARATIVE STATEMENT SHOWING REVENUE FROM CATTLE VERSUS DEALS ON
WELL DECK ON DONALDSON LINE, LTD.

(Sterling converted at \$4.80)

	REVENUE FROM CATTLE				REVENUE FROM DEALS			In favour of cattle	In favour of Deals
	No. of cattle	Rate	Amount		No. of Stan- dards	Rate	Amount		
<i>Concordia</i>	134	\$20	\$2,680	Winter....	137	70/-	\$2,301 60	\$378 40	\$4,140 80
				Summer..	406	70/-	6,820 80		
<i>Kastalia</i>	140	20	2,800	Winter....	150	70/-	2,520 00	280 00	
				Summer..	420	70/-	7,163 00		4,363 00
<i>Parthenia</i>	138	20	2,760	Winter....	158	70/-	2,654 40	105 60	
				Summer..	440	70/-	7,392 00		4,632 00
<i>Salacia</i>	190	20	3,800	Winter....	175	70/-	2,940 00	860 00	
				Summer..	475	70/-	7,980 00		4,180 00

The CHAIRMAN: Now if the reporter will read Mr. Duff's question. (Question read.)

The WITNESS: For the Cunard, Anchor-Donaldson, Donaldson, and Cairns-Thomson Line steamers, for 1924, eastbound, vacant 14.66 per cent.

Mr. DUFF: I wanted it answered the other way.

Sir HENRY DRAYTON: Let us get this first. This is not an answer to your question.

Mr. DUFF: I would like the answer reversed, which would make it 85 per cent, full. Instead of having the vacant space, let us have the space taken.

The WITNESS: 85.34 full, that is eastbound.

By Mr. Duff:

Q. Now can you give us westbound?—A. Yes, the same lines westbound 7.8 per cent full; leaving 92.2 per cent empty.

Sir HENRY DRAYTON: The question as I understood it was in connection with the cattle shipped; what percentage of the carrying space was set aside for cattle and how much for general freight.

Mr. DUFF: No, I wanted an idea of the actual average percentage taken for the whole season. I think he has answered my question very well.

By Mr. Kennedy:

Q. Is there any way by which you can utilize the empty space, westward?
A. No, Sir.

Q. It has to come west, empty?—A. Yes.

By Mr. Duff:

Q. What about passenger space, Col. Gear; what proportion is that, can you tell us?—A. No, I have no way of telling that just now exactly.

Q. Can you give it to us in round figures?—A. I can get it for you.

Q. I just want it in general terms. You would not be able to say?—A. No.

Q. Would it be 50 per cent, or more than that?—A. I would not say, but I will get it for you if you like.

Q. Never mind it. I had another question to ask, but I think it has practically been answered. What I wanted to find out was this; I was wondering if there were too many steamers on that route for the business offered; what do you say about that? In order to get full cargoes—if all the ships were full both ways, the present rates could be reduced, could they not?—A. Possibly that would be considered.

Q. That would be the natural thing. You would not say you are charging exorbitant rates?—A. We are not charging enough now.

By Mr. Symington, K.C.:

Q. Col. Gear, have you these figures you have just given us with respect to these lines individually instead of collectively?—A. No, my office gave them to me collectively.

Q. They vary materially, do they not?—A. They vary a little, but not very much.

Q. And they vary in the class of cargo?—A. They vary in the class of cargo also.

Q. For instance, the Cunard Line would carry a higher class of cargo than some of the other lines?—A. As far as the boats are concerned, they all carry an equal class of cargo, but boats coming from London get an assortment that they do not get from Glasgow, but as far as the fitness of a boat for carrying cargo is concerned, each boat is equally fit.

[Col. William I. Gear.]

Q. For instance, the Cunard Line, having bigger boats and faster boats get a higher class of traffic than boats that are not so fast, the straight liners, a better paying traffic?—A. No, not on our regular liners.

Q. Even on your freight liners?—A. The freight liners are as good, except that they cannot carry passengers.

Q. Do they get as good cargo?—A. They get as good cargo.

Q. And get as good paying cargo?—A. I will get the information for you, and that will clear the situation up.

By Hon. Stevens:

Q. Let me put it this way, Col. Gear. Take two boats identically the same, one running from Montreal to London and one running to Glasgow; would there be any difference in the cargo they would bring back with them?—

A. Well, a boat from Glasgow will bring the products of the Glasgow factories, whereas a boat from London brings the products of the surrounding country from London.

By Mr. Black:

Q. What will the Glasgow boats bring, for instance?—A. The Glasgow boats will bring out Dundee goods, Paisley goods and other goods manufactured in and around Glasgow, while the London boats may bring out tea and some other articles that do not find a market in Glasgow, but as far as the trade of each port is concerned, each boat is fully up to the standard.

By Mr. Symington, K.C.:

Q. London and Liverpool are much better Westbound ports than Glasgow?—A. They are.

Q. That makes a tremendous difference in the earnings?—A. It makes some difference.

Q. A large difference in the earnings?—A. No, I don't know that it makes a large difference. I think, Mr. Symington, it would be better for me to get you the figures, and we will be able to talk of facts.

Q. That suits me. I thought it was generally understood that Liverpool was, comparatively speaking, an excellent Westbound port as opposed to the Northern ports—Swansea, Cardiff, and these other ports?

Hon. Mr. STEVENS: Take in the four ports, London, Bristol, Liverpool and Glasgow while you are at it.

By Mr. Symington, K.C.:

Q. While you are doing that, if you would be so kind, give us the figures for the four lines combined, and give them to us separately; will you do that?—A. Yes, sir.

Q. In your evidence yesterday, when you were comparing cattle with flour, you made up the cost in connection with a shipment of 351 cattle at \$8.28 per head?—A. Yes, sir.

Q. That was a shipment of 351 cattle, of which 247 were 'tween decks and the balance above deck?—A. The balance were in the bridge deck.

Q. And your rate was \$20 per head?—A. Yes, sir.

Q. So that the difference between the \$8.28, your costs apart from your steaming of course and the \$20 leaves a margin of \$11.72 per head?—A. Yes, sir.

Q. In that computation you have charged, in connection with the men you take over, fourteen men, twenty-six days at 75 cents per day; that is for food?—A. Yes, sir.

Q. Do you think that is a fair figure?—A. I do.

Q. Has it been higher, or lower?—A. It has been lower; I don't know if it has been higher.

Q. When was it lower?—A. Some years ago, before the war.

Q. Is it not lower to-day?—A. Not that I know of.

Q. When were these figures made up?—A. May 4, 1925.

Q. From actual figures?—A. As near as I could get them.

Q. I am instructed by a cattle vessel shipper that 75 cents was the correct figure a year or two ago, but that to-day 54 cents would be the correct figure?—

A. Well, I would consider it very incorrect.

Q. Are you prepared to say that 75 cents is fair?—A. I think that is fair.

Q. The next item you charge up is the space occupied by the men, equal to about six cattle, \$120: you are referring there to the sleeping space of the men, are you?—A. That is the accommodation provided for the men.

Q. That that space would be used, and all of it would be used for storing some other cargo if they were not carrying cattle?—A. Certainly.

Q. Your boat is running anyway, and these men sleep in bunks; you charge up, apart from the food or anything else, \$120 for space?—A. Yes, because we could have put six cattle in these spaces, therefore it is a loss.

Q. Suppose you were not carrying cattle?—A. If we were carrying deals, we would put deals there.

Q. You would put deals in the space where these men sleep?—A. Yes, sir.

Q. Then you charge up \$351 for the upkeep, during the voyage, of the stalls?—A. Yes, sir.

Q. In addition to charging up against each voyage the cost of those stalls with depreciation spread over ten years?—A. Yes.

Q. That is, in addition to charging up against the rate, the cost and depreciation of the stalls, you charge \$351 per voyage for those 351 cattle?—A. Yes.

Q. How do you arrive at that figure?—A. By the expense.

Mr. MONTGOMERY, K.C.: My learned friend is not suggesting that repairs are the same as depreciation?

Mr. SYMINGTON, K.C.: No.

The WITNESS: We cannot carry cattle without having repairs on the stalls.

By Mr. Symington, K.C.:

Q. And it costs \$1 per head to repair the stalls each time?—A. That is our estimate.

Q. Is it an estimate, or is it from figures?—A. 75 per cent of it is actual figures.

Q. From this one voyage you speak of?—A. For a whole season.

Q. I thought you prepared these figures from some voyage that had just occurred?—A. Not these charges.

Q. How then did you arrive at that figure; by what method did you compute it?—A. It cost us last year over 75 cents per head for actual repairs, and in addition there is about 25 cents for odds and ends, making \$1 per head.

Q. You mean odds and ends in respect to repairs?—A. Yes, in respect of repairs.

Q. Altogether repairs?—A. Yes.

Q. What is the difference between the one item of 75 cents and the 25 cents?—A. One is for material and labour.

Q. And the other?—A. The other items are, as I said before, small things that turn up, and we charge \$1 a head for repairing stalls, and we consider that fair.

Q. Who do it, the men on the boat?—A. No, the carpenters from the dock do it.

[Col. William I. Gear.]

Q. At the end of each trip?—A. Yes.

Q. Then you charge \$2 a head for discharging and cleaning the ship?—A. Yes, sir.

Q. And unloading the cattle?—A. Yes, sir.

Q. Now, how much of that is for simply driving the cattle off the ship?—

A. I am not prepared to itemize that account, but that is about what it costs us.

Q. I was just looking at it, and it looks rather extraordinary. First, who does the cleaning?—A. They employ men in Glasgow to do it.

Q. How long does that take?—A. I do not know.

Q. What is there to do?—A. Clean the ship.

Q. Cleaning the ship?—A. Yes, and disinfecting it.

Q. That is, where the cattle were?—A. Where the cattle were, and disinfecting it, according to the British Board of Trade regulations.

Q. What would you pay a man per day there?—A. I do not know.

Q. How do you arrive at these figures, then?—A. Those figures are given to me; I am not in Glasgow; they are given to me as being about correct as to what it costs.

Q. For instance, I was looking at your wages, \$1.60 per day for an able-bodied seaman. Granted \$2 a day, it would take 251 men to earn that sum, cleaning that boat, which I am told is done in less than a day.—A. We have a representative from Glasgow who will answer all the questions regarding the other end of the route.

Q. And you have taken his figures on that, then?—A. I have taken the figures from our Marine Superintendent.

Q. Over there or here?—A. Here.

Q. At any rate, you charge for unloading, cleaning the ship and unloading the cattle—which I understand is just driving them out—\$2 per head or \$700 for these 351 cattle?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Do not the men who go over in charge of the cattle clean the ship?—A. No; we employ longshoremen from the dock.

Q. The men who go over in charge of them do not unload the cattle?—A. I do not know; I do not know what they do on the other side.

By Mr. Symington, K.C.:

Q. Now, then, in connection with your flour, Colonel, and your dunnage, which you have discussed—

The CHAIRMAN: I heard it suggested that perhaps the great expense was due to these being a bunch of unruly cattle from Alberta. I do not know whether there is anything in that.

Hon. Mr. SINCLAIR: Gingery.

Mr. MONTGOMERY, K.C.: I am just looking at the new cattle regulations there for the cleansing of vessels, and if, as my learned friend says, they can do all that in a day, they are some hustlers.

Mr. SYMINGTON, K.C.: Figures have been furnished to me indicating it is a day. I think they can do it in less than a day, myself.

By Mr. Symington, K.C.:

Q. Now, in loading flour or any other class of cargo, except grain, you use dunnage, do you not?—A. Yes.

Q. And you use boards, some of which you have from your shipments in the boat, from time to time?—A. How do you mean, sir?

Q. You have a certain amount of waste lumber around a boat, have you not?—A. But we must start out with an original cost.

[Col. William I. Gear.]

Q. All right, you start out with an original cost. What do you do with it, keep it, or sell it when you get to the other side?—A. We keep it; as far as we can we keep it.

Q. And you use it part of the time on flour and part of the time on other commodities?—A. Yes, sir.

Q. For instance, if you are loading a cargo into the hold of a boat you protect it from the floor of the boat, flour or anything else; if you are loading it on deck, you protect it the same way?—A. Yes, sir.

Q. So that in arriving at the cost of this dunnage, you had to consider the cost of the dunnage for the whole cargo throughout the year in order to arrive at that percentage, did you?—A. We took a steamer, as I explained yesterday, and we have to use clean lumber, or else we damage the flour.

Q. Just stop there. Do you tell us every time you load flour you use new lumber?—A. Not every time. You would not let me get through.

Q. I wanted to clear that up.—A. I will clear it up for you in a minute. We have to buy fresh lumber, which we estimate lasts for three voyages, and this cost of 19 cents is only for its proportion for the one voyage.

Q. That is, you charge up one-third of the cost of your dunnage lumber, on the basis that it lasts three voyages?—A. For whatever cargo is going on the trip.

Q. On the basis that it lasts three trips?—A. On the basis that it lasts about three trips.

Q. What do you do with it then?—A. It is given away or thrown overboard; it disappears.

Q. Is that the case, that in flour you have to use better lumber than in other commodities?—A. No, we do not; we buy cheaper lumber.

Q. Cheaper lumber?—A. Yes.

Q. I thought so. So tell us, then, if you can, just how you arrive at that 19 cents, because it seems a lot to me.—A. We buy lumber at \$30 a thousand, which is very cheap. Then we have to floor over an entire hold, which requires about 4,000 square feet of lumber at \$30, and then we have the flaws on top of that.

Q. And you figure that is used for flour and flour alone for three voyages, and then discarded?—A. No, it is intermixed, but whatever goes into loading the cargo, the dunnage is charged up to the particular cargo.

Q. That is the nearest we can get to it, is it?—A. That is the nearest you can get to it.

Q. Now, your figures on handling flour; how do you arrive at them?—A. As I explained yesterday, that is taken over an entire year.

Q. On flour alone?—A. That is the handling charges on flour alone.

Q. Do you keep it separate from the handling of other cargoes?—A. As I explained yesterday, we do.

Q. That is, if the stevedores are working loading a boat, you keep track of their working an hour on flour and an hour on some other cargo?—A. We do.

Q. During the year?—A. During the year.

Q. And you have arrived at 79 cents for loading flour?—A. Yes.

Q. Is that much or little compared to other cargo?—A. It all varies. I have not got my memorandum regarding other cargo.

Q. Is there any commodity—I am leaving out grain—which is cheaper to load than flour?—A. There may be.

Q. There may be anything, but is there?—A. If you want that information I will get it for you.

Q. But, Colonel, you are a man of the greatest experience.—A. Granted.

Q. Can you think of anything now?—A. Offhand I cannot.

Q. Now, Colonel, I suppose there is no question that you, of course, as a steamship man, do recognize that if you continue to charge flour a very large amount above grain, the Canadian miller is going to suffer severely?—A. So they tell us.

Q. You believe it, do you not?—A. I do not know. Judging from their balance sheets they are making a pot of money.

Q. Which ones?—A. Several of them.

Q. Now, do you think that is an accurate statement, Colonel?—A. They are making lots of money.

Q. For the last two or three years?—A. I believe they are.

Q. Are you prepared to say they are?—A. I would like to see their accounts first.

Q. I asked you if you believed they were?—A. I believe they are.

Q. So you, then, perhaps imply, do you, that they can stand that differential and compete with the British miller who gets his grain for ten cents a hundred cheaper than they can ship flour?—A. That is purely an economical condition for them to consider.

Q. I am asking whether the steamboat companies have considered it.—A. Our economic condition is to get the freight that will pay the ship best.

Q. I am asking whether or not you do consider it?—A. We do consider it.

Q. But up to date, in any event, after consideration you have not seen fit to try and meet that particular condition?—A. We met it yesterday.

Q. Yes, I understood you had been down there yesterday.—A. I have not been down.

Q. No, I know; it is collective bargaining that you are after. You met that yesterday?—A. We did.

Q. What did you do yesterday?—A. Took two cents a hundred off it.

Q. Took two cents a hundred off the flour men yesterday? That is correct, is it?—A. Yes.

Q. Well, we have got something; I can see that. The United States Shipping Board—whether it is honoured in the breach or not—decided that there should be a five cent differential?—A. I do not think so.

Q. You know they decided that.—A. I know they got an order from the President to do it.

Q. You know the United States Shipping Board did send it to the Conference, and it is recorded in the minutes of the Conference?—A. Yes.

Q. And you do not, however, propose to do that in Canada?—A. No, sir.

Q. What you have done instead is to take two cents arbitrarily off the flour rate?—A. In the present instance.

Q. Is it because costs have gone down?—A. No, sir, it is to meet the market.

Q. Is it because the flour rate was too high?—A. We took it off to meet the market conditions.

Q. What does that mean, now? Perhaps we can get it by questioning. It is not because the expenses of steamship operation have gone down?—A. No, they have not.

Q. And it is not because the flour rate was too high?—A. We simply did it to meet market conditions.

Q. Was it because the flour rate was too high?—A. We did it to meet market conditions.

Q. Will you answer that question; is it because the flour rate was too high?—A. The millers thought it was; we did not.

Q. You say you did it to meet market conditions. What does that mean?—A. On account of grain being down to two shillings, we reduced the rate on flour.

Q. This rate on flour, then, has some relation to the rate on wheat?—A. To a certain extent.

Q. Something in the nature of a differential?—A. No, sir, no differential.

Q. How long is that rate to apply?—A. I do not think there has been any term put on it.

Q. Do you know?—A. I do not think so; I have not heard of any.

Q. Have they been asked to sign a contract that they will only patronize Conference boats?—A. No, sir.

Q. They have not been asked that?—A. Not that I know of; it is something new to me.

Q. Do you know of what took place yesterday?—A. Nothing beyond the rate.

Q. You cannot give us any more information?—A. I should think if I was on the spot down there they would never have done it.

Q. You would not have permitted it?—A. Not my line.

Q. However, it has been done in your absence?—A. I do not think so.

Q. The rate has been reduced?—A. Yes, but I do not think they have ever asked such a contract from anybody.

Mr. MONTGOMERY, K.C.: You are confusing the two, the contract and the rate.

By Mr. Symington, K.C.:

Q. You mean they would not have asked for such a contract, not that they would not have reduced the rate.—A. No, they would not have asked for such a contract, and I do not believe it has been done.

Q. It is not such a terrible thing? You got it from the rubber people and other people, and you reduced the rate 10 cents for them and got the contract from them, did you not, over a series of years?—A. That may be—

Q. Do you think that is an objectionable practice?

Mr. MONTGOMERY, K.C.: Let him finish his answer.

The WITNESS: Mr. Marlow has answered this question.

By Mr. Symington, K.C.:

Q. I am asking you. Do you think that was an objectionable proceeding?—A. Personally, I would not do it.

Q. And the reason you would not do it is that you think it is objectionable, of course, Colonel; otherwise you would do it?—A. I said personally I would not do it.

Q. Now, have you arrived at a solution with your lumber men yet in these recent negotiations?—A. Not that I know of; we have no dispute with the lumber men.

Q. You have been having a Conference with them, have you not?—A. We have had some meetings.

Q. Have you not decided what you are going to do with respect to their rates?—A. The rate is 65 shillings.

Q. What was it two weeks ago? 70?—A. 70 shillings.

Q. Have you decided what you are going to do with the produce men?—A. Nothing.

Q. You have been having meetings with them too, have you not?—A. Yes.

Q. Have you come to a decision of what you are going to do?—A. Nothing.

Q. You are going to do nothing?—A. Yes.

Q. Have you told them so?—A. No.

Q. Have you had meetings with any of the other?—A. Not that I am aware of.

Q. How about the rubber people?—A. I do not know of any other, Mr. Symington.

[Col. William I. Gear.]

Q. You know of no other?—A. No.

Q. Perhaps it might call something to your mind—Mr. Hanna is he not, the head of the Rubber?—A. I know of no other meetings.

Q. In connection with this new flour rate: Were the lake carriers in on it?—A. I do not know.

Q. Had you heard it discussed?—A. No.

Q. The question of the lake rate being mixed up with the ocean rate, so that you got this reduction?—A. No.

Q. You know of nothing of that kind?—A. No.

Q. Were the railways there?—A. Not that I know of.

Q. You were not there?—A. I was not there; I was here.

Q. Now, Colonel Gear, you took some grave exception to something about the "Canadian Carriage of Goods Act"?—A. Yes, sir.

Q. You do carry in your bills of lading, I find, in addition to specific exemptions from loss or damage, namely, "Pirates, Robbers and Thieves"—

Mr. DUFF: And acts of God.

By Mr. Symington, K.C.:

Q. —those arising from malfeasance, negligence, default or error in judgment of the Master Mariners, or other persons in the service of the shipowner—you carry those exemptions, but do you not also carry exemptions that carriers are not to be liable for damage to any goods, howsoever caused, which is capable of being covered by insurance?—A. Yes, sir.

Q. Does that not cover everything?—A. I do not understand your question.

Q. Are you liable for anything, if, in addition to the specialized ones, you are not liable for anything which is capable of being covered by insurance?—A. I do not understand your question.

Q. If in your bills of lading you provide you are not liable for damage to anything which can be covered by insurance, is there anything for which you are liable?—A. Yes, we are liable, under the Canadian Carriage of Goods Act, for quite a number of things.

Q. And you have these in your bills of lading?—A. We have.

Q. Which clause is certainly not consistent with the Canadian Act, is it?—A. I am not a lawyer, and I am not disputing that point.

Q. But you undertook to criticize a lawyer in Parliament who made this statement, and criticize him rather severely, and I want to get your views?—A. I criticized that lawyer for making the statement in the House that the lines did not have the Canadian Carriage of Goods Act in their bills of lading; I am not criticizing any opinions regarding the clauses.

Q. You know, as a matter of fact, do you not, that the Imperial Act completely over-rides the Canadian Act and permits you to exempt yourself in that way, when the Canadian Act does not?—A. That is a lawyer's opinion, and mine does not agree with some of the other parties. I think that any goods shipped—and this is only my own opinion—under the Canadian Carriage of Goods Act are liable to anything that may take place under that Act, and that no Act on the other side, if suit is taken on this side, will cancel it.

Q. Although your ship is a ship of British registry?—A. That is as I understand it.

Q. And that is the basis of your criticism?—A. That is the basis of my criticism.

Q. If the Merchant Shipping Act of England—the Imperial Act—provides, as I think you know, that anything in a Colonial Act which is contrary to the Imperial Act must be approved over there by Order-in-Council of the Imperial Parliament, do you still suggest that the Canadian Act governs?—A. In my opinion, if a man takes suit in Canada he would take suit under the Carriage of Goods Act in Canada. That is my opinion.

[Col. William I. Gear.]

Q. And that was the basis of your criticism?—A. That was the basis of my criticism.

The CHAIRMAN: Does any member of the Committee wish to ask Colonel Gear any questions?

Mr. STORK: There is just one question I would like to ask.

By Mr. Stork:

Q. Colonel Gear, you stated there was a charge of \$2 per head for unloading cattle. Is that in addition to the charge of \$20 per head, or is it included in the charge of \$20 per head?—A. There is no extra charge against the shipper beyond the \$20.

Q. It is taken care of in that?—A. Yes, sir.

The CHAIRMAN: Mr. Symington, did you have any other questions?

By Mr. Symington, K.C.:

Q. I was going to ask you, Colonel, about the production you were going to make of a letter or cable or whatever it was, dated in June?—A. Yes, sir.

Q. May I see it, Colonel?

(Document handed to Counsel).

Mr. SYMINGTON, K.C.: I think you might read that and file it.

The CHAIRMAN: This is a cable, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes.

The CHAIRMAN: From whom, to whom?

The WITNESS: This is a cable from Cairns Noble and Company of Newcastle-on-Tyne to the Robert Reford Company, Limited, of Montreal:—

“Preston accredited Canadian Government agent studying economic propositions trade between Canada and United Kingdom has cabled Minister Trade and Commerce Ottawa see you regarding amendment cattle stowage regulations stop please get in touch with Ottawa discuss any scheme whereby our ships would carry more cattle than present regulations allow stop we are negotiating with Preston carriage cattle over yearly periods Dundee.”

By Hon. Mr. Stevens:

Q. Signed by whom?—A. It is not signed.

By Hon. Mr. McMurray:

Q. Dated When?—A. Dated June 7, 1924.

The CHAIRMAN: That will be filed as Exhibit No. 63.

EXHIBIT 63: Filed by Colonel Gear cablegram June 7, 1924, Cairns Noble Company to Robert Reford Limited.

By Mr. Symington, K.C.:

Q. Did you get in touch with the Minister?—A. No, sir; he did not communicate with us.

Sir HENRY DRAYTON: There is no signature. Whom is it from?

Mr. SYMINGTON, K.C.: Cairns Noble Company.

By Mr. Symington, K.C.:

Q. It says: “Please get in touch with Ottawa”; did you get in touch with Ottawa?—A. We did not get in touch with the Marine Department.

[Col. William L. Gear.]

Q. Did you reply to that?—A. Yes. By cable of June 7, 1924, from the Robert Reford Company, Limited, Montreal, to Cairns Noble and Company, Newcastle-on-Tyne: "Recommend care in dealing with cattle party"

The CHAIRMAN: That will be filed as Exhibit No. 64.

EXHIBIT No. 64: Filed by Colonel Gear, cablegram R. R. Company to C. N. Company replying to Exhibit 63.

By Mr. Symington, K.C.:

Q. Now Colonel Gear, why did you not get in touch with the Minister?—

A. The cable stated the Minister would get in touch with us, and he did not do so.

Q. Is that what the cable said?—A. That is the first part of it.

Q. "Has cabled Minister Trade and Commerce Ottawa see you—please get in touch with Ottawa discuss any scheme"—etc. Did you do that?—A. We did not.

Q. Why did you not?—A. The reason was the fittings of the steamers are under the control of the Marine Department, and we had just had considerable controversy with the Marine Department, as they wanted to make the fittings a little more stringent, which we did not think was necessary, and finally we were able to prove to the Marine Department that it was not necessary, and the old regulations were continued, and under the circumstances we thought we had got as far as we could with them.

Q. So that you then did not bother to communicate with them?—A. No.

The CHAIRMAN: Any further questions, gentlemen?

By Mr. Kennedy (Glengarry):

Q. Have you ever considered this question; the differential between flour and wheat is so much: would it not be good business on the part of the steamship companies to narrow that differential with a view of encouraging the milling of wheat in Canada, and resulting in an increase of cattle, packing-house products, cheese and butter offering for shipment across the Atlantic?

The CHAIRMAN: Have you all heard that question?

Mr. SHAW: No.

Sir EUGENE Fiset: No, sir.

The CHAIRMAN: Just read that question over again. It is a very interesting one and some of the members did not hear it.

Mr. SYMINGTON, K.C.: That is a very good question.

(The question having been read.)

WITNESS: Economically we could have a differential. You would have to have some basis on which you are going to work and it would mean in the end raising freight on some articles to compensate for losses on others. It is an impracticable condition.

Q. In fixing your rates you do not take that question into consideration at all?—A. No.

Q. You just take into consideration the economic question?—A. We just take into consideration the economic question.

By Sir Henry Drayton:

Q. You see you have already said, Colonel, that in order to meet market conditions, when wheat had dropped to 2s. you lowered the price of flour. That means you must recognize some parity between wheat and flour?—A. We cannot help at times considering that. There is a parity with the manufactured products. If grain did not go up, we would seriously have to consider advancing other rates. We would have to find some means to make ends meet.

[Col. William I. Gear.]

Q. When wheat was 2 s what did you put grain at?—A. Wheat is 2s now.

Q. What is flour?—A. 18 cents.

By the Chairman:

Q. You say 2½ a quarter. What is that?—A. 10 cents a hundred pounds at the rate of exchange of \$4.89.

By Mr. Symington, K.C.:

Q. You would have to fix it over an average of one or two months?—A. No, because the grain rates are changing continuously from day to day, just as the price of grain is changing in Winnipeg or Chicago.

Q. In creating a differential, you could take every two weeks and you could fix your flour rates for the next two weeks at a differential over and above the average on the two weeks?—A. Not economically sound.

Q. Why would it not be economically sound?—A. Because the rate would be holding on grain and we have always to take a fluctuating market.

Q. You would remove that fluctuation by taking a two weeks' average?—A. The tramps would come and take the freight.

Q. That would be a good thing?—A. It would in some respects.

By Mr. Kennedy:

Q. Regarding the question of the tramps, taking that into consideration, that is where wheat dropped, would it be to the advantage or the disadvantage of the boats to have less wheat exported, more cattle, more butter and more cheese, that is if less wheat went over, more wheat milled here and more flour shipped and naturally more butter and cheese, would the drop that would come from the wheat sold in Canada be an advantage or a disadvantage?—A. Really to get more cheese and butter would be to the advantage of the boat.

Q. It would be so much competition in the tramps taking wheat away from you because it would be cutting into your export lines?—A. That would not follow.

Q. Why not, if the wheat was milled here and shipped in flour?—A. If the Liners carried less wheat the tramp would come in and take it because the wheat has to go forward. We cannot carry all the wheat. The farmers are growing and I think they are looking forward to having 400,000,000 bushels growth this year and it has to go forward and be milled on the other side.

By Mr. Symington, K.C.:

Q. From the shipowners standpoint you would sooner not see the cheese and butter produce but you would like to carry the wheat?—A. We would want to see everything grow.

By Mr. Kennedy:

Q. You told us the other day that since 1921 there was a drop in the rate, I think, on packing house products and on meats.—A. That must have been Mr. Marlow. He was giving the rates.

The CHAIRMAN: Make that the basis of your question.

Mr. KENNEDY: I think it was in Mr. Gear's evidence.

The CHAIRMAN: There was a drop on meats.

By Mr. Kennedy:

Q. Why was that reduction made from 75 to 50 cents. What happened to secure that reduction in packing house products.

[Col. William L. Gear.]

The CHAIRMAN: In provisions, refrigerator, ordinary stowage. In 1921 it was 75 cents; in 1922, 60 cents; in 1923, 40 cents and in 1924, 50 cents. There was a constant drop in 1921 and in 1922 and in 1923; then it went up again a little in 1924. That is ordinary stowage.

The WITNESS: The adjustment that took place after the war is shown in the rates that were quoted in 1920 and the following rates. The reduction shows that it was the desire of the steamship companies to assist home products.

By Mr. Kennedy:

Q. Do you recollect what particular steps were taken in order to secure from you that reduction in meat provisions?—A. No, sir.

Q. The reason I am asking that is because I notice there was a smaller reduction in the carriage of cheese, the same rate in 1921 and you had reduced beyond 70 cents.—A. I would suggest you ask Mr. Marlow who is acquainted with all the rate quotations.

By the Chairman:

Q. You understand Mr. Kennedy's question. Here we have had figures placed before us showing that ordinary stowage provisions came substantially down from a dollar in 1920 to 40 cents in 1923 and that cheese, which was at a dollar in 1920, has only come down as far as 60 cents since the year 1923, and we wonder why meats were treated with greater generosity than cheese.

Discussion followed as to admissibility of evidence.

The WITNESS: My opinion is that the meat rates are too low. That is my opinion.

Mr. SYMINGTON, K.C.: I think that is the best answer you could make, colonel.

Sir HENRY DRAYTON: I suppose he would say Marlow was too weak.

By the Chairman:

Q. Were you able, colonel, to get that information as to the comparative cost of building boats in different years?—A. I am still trying to get it, sir.

By Mr. Montgomery, K.C.:

Q. As regard grain and flour, and the question of a differential, Col. Gear; I suppose every one must recognize the advantage to Canada of having our wheat milled here, as much as possible, and retaining the offal?—A. Certainly.

Q. At a certain stage, as has been described, the United States authorities put an arbitrary, a fixed differential as between wheat and flour?—A. Yes.

Q. Or flour and wheat? That I think was five cents?—A. President Wilson made it five cents.

Mr. SYMINGTON, K.C.: The United States Shipping Board took the responsibility of doing it.

By Mr. Montgomery, K.C.:

Q. You have heard the evidence. My friend said it was a direction which has since been honoured more in the breach than in the observance?—A. Yes.

Mr. SYMINGTON, K.C.: No, I did not say that.

Mr. MONTGOMERY, K.C.: I think you said it. However, never mind.

The CHAIRMAN: I think the Chairman suggested that.

[Col. William I. Gear.]

By Mr. Montgomery, K.C.:

Q. As a matter of fact, whatever consideration should be given and by whatever authority, to the economic situation, which should encourage the milling of grain in Canada, I suppose the shipowner has to get something in the nature of a fair carriage for the flour.—A. Yes.

Q. We have it from the evidence and the documents filed, that the rate on grain is one that varies very considerably?—A. Yes.

Q. And at times goes down to almost nothing. Would it be possible or fair to the shipowner to ask him in the same way to carry flour down to any such point?—A. It would not.

Q. Without the carrying charges in any way coming down, but simply because it had to depend on the factor of some distress cargo?—A. It would not be fair. It would be most unfair.

Q. And is the rule enforced to-day by the United States Shipping Board?—A. It is not.

By Mr. Symington, K.C.:

Q. Colonel, would you look at your evidence of yesterday and say whether the variation is really as great as you suggested to the Committee. This is what you put in.

The CHAIRMAN: Counsel hands witness Exhibit Number—?

Mr. SYMINGTON, K.C.: No, Mr. Chairman, it is not an Exhibit. It is a substitution of a page of his evidence. I will hand you the typewritten copy of your evidence yesterday at page "DD-6".

The WITNESS: These are the rates that were given me by my staff.

Mr. SYMINGTON, K.C.: And these are the variations that you referred to which make it impossible, you say.

Mr. MONTGOMERY, K.C.: We have had very much lower rates than those. We have had them down to one and something.

The WITNESS: Which make it impossible to do what?

By Mr. Symington, K.C.:

Q. To fix a differential, because of the wide variations.—A. Economically it is not sound to have any differential.

Q. These are the variations you refer to?—A. Yes, those are the variations.

By Mr. Montgomery, K.C.:

Q. As regards the cleansing of vessels, Colonel, I show you what purports to be more stringent regulations in that respect, recently brought into force.—A. What is your question, sir?

Q. I ask whether the regulations described in the memorandum I have just shown you, call for work of the class to which my learned friend refers, to be done so quickly and so easily, and I think you might incorporate them in the record. I do not know whether the Committee care to have them read in or whether they can be merely handed in.

Mr. SYMINGTON, K.C.: What is this, the British law?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: It requires a great deal of work.

Mr. MONTGOMERY, K.C.: The vessel has to be scraped, whitewashed and disinfected.

Sir HENRY DRAYTON: What has to be done, let us get it exactly.

Mr. MONTGOMERY, K.C.: Give us the substance of it.

[Col. William I. Gear.]

The WITNESS: (Reading):—

"(Lloyds, April 11, 1924).

Sea Carriage of Animals.

Cleansing of Vessels.

The Ministry of Agriculture and Fisheries has been giving consideration to the question of the cleansing and disinfection of vessels and railway vehicles used for the carriage of animals. For some time it has been realized that the use of limewash leaves much to be desired as a process of disinfection, and the Ministry has decided to abandon this requirement generally in connection with the carriage of animals and to substitute a process of disinfection requiring the compulsory use of an efficient disinfectant. The process decided upon consists of: (1) The preliminary disinfection of the vessel or vehicle as it stands after the animals have been removed and before any manure, litter, etc., has been removed therefrom. (2) A thorough scraping and sweeping of all parts of the vessel or vehicle and the removal of the scrapings and sweepings and, then, (3) A thorough washing or scrubbing with water, and finally, (4) A second thorough application of the disinfectant to all parts of the vessel or vehicle concerned. A similar process will be applied in the case of pens, loading docks, fittings and utensils generally used in connection with the transit of animals."

The CHAIRMAN: Any other questions to ask the Colonel? I am sure we are very much obliged to you, sir, for all the time and attention you have given to the work of the Committee.

What is the next item on the programme, Mr. Symington and Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I understand Mr. Doherty is here. Probably it is only fair to him to let him give his evidence and get away.

The CHAIRMAN: Yes, that is right.

JOHN P. DOHERTY, sworn.

By the Chairman:

Q. What did you say your name is?—A. John P. Doherty.

Q. And your age?—A. 36.

Q. And your occupation?—A. Traffic manager.

Q. Of what line?—A. The Canadian Government Merchant Marine.

By Mr. Montgomery, K.C.:

Q. I understand that you testified in conjunction with Sir Henry Thornton before the Special Committee on National Railways and Shipping, in June of last year, Mr. Doherty?—A. I assisted Sir Henry Thornton at that time, sir.

Mr. MONTGOMERY, K.C.: The reference I had on page XVIII referred to the lack of westbound traffic as one of the contributing causes for the poor results of the steamship service.

By Mr. Montgomery, K.C.:

Q. Is that as true to-day as it was then, Mr. Doherty?—A. Quite. As far as our steamers are concerned.

Q. To avoid going over all your evidence, Mr. Doherty, as copies are available to the Committee, I will ask you this question: are the statements made by Sir Henry Thornton and yourself as true to-day in principle as they were when you gave your evidence?—A. That is a rather wide question, Mr. Montgomery.

[Col. William I. Gear.]

Q. I do not think it requires very much variation.

Mr. SYMINGTON, K.C.: I don't think he gave evidence.

Sir HENRY DRAYTON: Yes, he did.

Mr. SYMINGTON, K.C.: Mr. Doherty did?

Sir HENRY DRAYTON: Yes.

By Sir Henry Drayton:

Q. I find that when Sir Henry did not know, you supplied the information?

--A. I handled the details, if Sir Henry did not happen to have them in mind.

By Mr. Montgomery, K.C.:

Q. So far as the evidence was concerned, whatever evidence was given then was evidence with which you were in agreement?—A. You mean my own evidence?

Q. The evidence of Sir Henry Thornton and yourself?—A. I was only trying to save time.

Q. I understand that. I also appreciate that there was quite a lot of evidence, and it is hard to say in a general way that conditions are the same to-day as outlined in the evidence given then.—A. Perhaps I did not get the question just exactly.

Q. I asked whether you agreed with the evidence given as of that time?—A. Yes, naturally, at that time.

Q. Whether it was put into the mouth of Sir Henry Thornton by somebody, or whether it was given by yourself?—A. There was nothing put into my mouth. Sir Henry Thornton's evidence was naturally his own, and anything I said was simply to answer a question as to some detail with which Sir Henry Thornton was not familiar.

By Sir Henry Drayton:

Q. Perhaps Mr. Montgomery will allow me to ask a few questions. There are some things I would like to have found out. I wanted to find out some things in connection with the fitting of the boats, and also these expenses. Now, Mr. Doherty, I want you to look at page 4 of this copy of the minutes of the proceedings and evidence before the Select Standing Committee on National Railways and Shipping, session of 1924, where Mr. Jelliff was questioning Sir Henry Thornton, and was examining him as to the cost of fitting up a vessel for carrying cargo. Mr. Jelliff asked these questions:

“Q. I understand that is quite an item of expense?”

Sir Henry's answer was:

“A. This, perhaps, will interest you. I think I have got that. I can give you the total cost of handling cattle. I think you will find this interesting. The following statement indicates what it costs to carry cattle. Erection of fittings; that is, you have to put in special fittings for handling cattle; you have to have a Turkish bath and manicures and things of that kind according to the various boards of agriculture, so you have to have special fittings. That amounts to \$7,000 per ship.”

I suppose that is a little picturesque there, about turkish baths and manicuring. You do not have turkish baths and manicuring on a cattle ship?—A. I would hardly think so, but the cattle are well taken care of. That amounts to \$7,000 a ship.

Q. I would like to know how that is got at; I have gone through this evidence, and I do not think it is satisfactorily shown?—A. I think I can answer that in a very few words. When we fitted those steamers three years ago, I think the actual cost of fitting the four steamers to carry 233 cattle caused an expenditure of \$7,000 per steamer.

[Mr. John P. Doherty.]

Q. That corroborates these figures, but what was done may be was not actually extravagant, but what about it?—A. The steamers, I might explain, are the well-decked type of steamer, and it was necessary for us to put in very substantial fittings in the forward and after wells of those steamers, in order to permit of the carriage of cattle in accordance with the Regulations.

Q. Then I take it that these are permanent fixtures?—A. I would not call them permanent, but they are as nearly permanent as we can make them of wooden construction.

Q. I think Sir Henry Thornton put a life on them of ten years?—A. That is what we figure on.

By Mr. Black:

Q. Are they there now?—A. They are there now.

By Mr. Symington, K.C.:

Q. I suppose, Mr. Doherty, it cost a good deal more money than if it had been put in the ship originally, when the ship was being constructed?—A. If the ship was intended at the time of construction for a cattle carrier, then I imagine the fittings would have been put in of a permanent nature, that is to say, we would have had a steel shelter deck, which would be part of the ship's own structure: I mean instead of having wooden sides to our fittings, as we have now, the sides of the ships would have been extended to take care of the extra deck for the carriage of these cattle, and covered in also with a steel deck. That is the ordinary procedure, although the top deck might be permanent, we put in wooden sides, with a wooden covering over the cattle stalls.

By Mr. Duff:

Q. Just on the top deck?—A. Just on the top deck. We do not carry them below in the well decks, that is, the main deck, then we carry a certain number in the bridge deck space.

Q. It cost \$7,000?—A. That is the actual cost.

By Sir Henry Drayton:

Q. I want to see how much of this is right. Mr. Stewart of Humboldt asked these questions:—

“Q. Is that a permanent fitting?—A. No, it is permanent as long as it lasts, but it is not an integral part of the ship.

“Q. You will likely use it for more than one voyage?—A. Yes. It costs \$7,000, and if you capitalize that at $5\frac{1}{2}$ per cent interest, that amounts to \$385, and if you had six voyages with this particular ship, which brings it down to \$64 per voyage for that item. We assume the fittings would last ten years unless removed or destroyed, and it works down to \$117 per voyage.”

Stopping there a moment, it means that your amortization is for ten years plus a basis of $5\frac{1}{2}$ per cent?—A. That is what I understand.

Q. To continue Sir Henry's answer:—

“Then there are certain small repairs which have to be made from time to time to the fittings, and that runs about \$50.”

A. The statement I have before me, that was prepared for Sir Henry Thornton at that time, shows that the repairs to fittings for the general voyage will run to \$200 at least, and we have set a figure of \$200, which is really conservative.

Q. How do you get at that, because that is a big increase?—A. I think some error must have been made in quoting the figures, because this is a copy of the original statement prepared at that time, that I have before me, now.

[Mr. John P. Doherty.]

Q. That part of it is incorrect, you think?—A. I think so.

Q. To continue Sir Henry's answer:

"Part of the fittings might be carried away by heavy seas, and have to be renewed. Then we are obliged to provide cattle attendants, victualling, and so forth; we have one veterinary, and a foreman and nine men."

That one veterinary I admit has to be there for the cattle?—A. Yes.

Q. But what about a foreman and nine men; what regulation is it that makes you carry for cattle a foreman and nine men specially, over and above your crew?—A. Those are Government Regulations.

Q. Do you mean to say that any Government regulation requires you to have those men?—A. Yes.

Q. Eleven men?—A. Yes—ten men.

Q. But a veterinary is a man?—A. He comes on under the new British Regulations, as I understand it.

Q. But what about a foreman and nine men?—A. That is according to British Regulations, also Canadian Regulations.

Q. To continue with Sir Henry's answer:

"That works down to \$330 per voyage."

What does that cover?—A. That covers the victualling of the men for the passage to England or the voyage, their keep during the time the steamer is in England, and their return to Canada.

Q. What per diem basis do you allow?—A. The figure of \$330 is arrived at by allowing a rate of 75 cents per day.

Q. Continuing with Sir Henry's answer:—

"Then there are certain losses to equipment, dishes and so forth, which are used for the attendants. That is a small item; only \$25 per voyage. On the average it costs \$325 to load the cattle per voyage—"

Can you tell me how you get at that figure?—A. We tried to strike an average as between the expense of loading at Montreal and the expense of loading at Quebec. At Montreal the statement originally prepared for Sir Henry Thornton showed the expense as \$50. I have recently had an opportunity to recheck the figures, and I find there is a slight discrepancy, and that the actual cost would be nearer \$125.

Q. That is, for loading cattle?—A. For loading cattle at Montreal. When I say cattle, I also include the feed.

Q. That would be for how many head?—A. Two hundred and thirty-three head.

Q. How much feed does that cover also?—A. I would say approximately 50 tons.

Q. One hundred and twenty-five dollars?—A. Yes.

Q. Now take Quebec?—A. At Quebec we made an allowance or have made an estimate of \$300. The additional cost at Quebec is accounted for by the fact that the steamer requires to dock at Quebec, where otherwise she would not ordinarily; it means an expense for tug-boats, side wharfage, and the delay incident to that deviation.

Q. You are really charging there the expense of loading the cattle, and you are charging the cost of the deviation of the boat?—A. Yes.

Q. Into Quebec?—A. Quite right.

Q. Suppose we drop that and find what the actual cattle costs are. Drop the deviation, and what is the cost of doing the same service at Quebec instead of at Montreal?—A. The cost of loading cattle and feed would work out at about the same figure as at Montreal.

[Mr. John P. Doherty.]

Q. So that we have these changes to make to that. Outside of that exception and the question of the repairs of \$50, is Sir Henry Thornton's answer correct?—A. Quite.

Q. He was then asked a question by the Honourable the Minister of Railways as to whether it includes the unloading, to which Sir Henry replied:—

“No, that is only the loading. There is an extra expense incurred in discharging cattle at Cardiff, that is, pilotage, dock dues, towage, boating, cleaning ship and things of that sort, which works down to \$427 per voyage.”

—A. Yes.

Q. What are your supporting figures for that?—A. I have them here. The figure I quote is taken from actual payments made at Cardiff, and we have taken light dues, pilotage dues, dock dues, which are extra dues we require to pay because of the fact that we are carrying cattle on deck, constituting a deck cargo, and making these higher expenses. We have also taken into consideration the extra expense for towage, dock pilotage, and boating.

By the Chairman:

Q. What is boating?—A. Running lines, or something of that kind, because of the fact that a steamer requires to go to a special dock for discharging the cattle. If she did not have cattle, she would proceed at once to her regular cargo discharging berth, but having cattle she has to go to another dock, which means extra expense naturally.

By Sir Henry Drayton:

Q. How do you make these totals up; what are the different items?—A. I am telling you what the items are, and they are included in the 125 pounds which I have, and which at the rate of exchange at that time shows \$587.50.

Q. Do you mean to say that it costs, to unload 233 head of cattle at Cardiff, £125?—A. I can only give you, Sir Henry, the figures that have been given to me by our auditor.

Q. Did you get all these figures from the auditor?—A. Absolutely.

Q. Who is the auditor?—A. Mr. Davidson.

Q. I have something else that Sir Henry gave.—A. I have a record that that item of £125 includes cleaning the ship, and disinfecting and discharging the cattle.

By Hon. Mr. McMurray:

Q. How much does it cost to clean a ship, Mr. Doherty?—A. I have not got the items here. It is all in the item of £125.

By Mr. Symington, K.C.:

Q. Not \$2 a head?—A. It is a little better; perhaps about \$2.50. That is the actual charge. We have some things we deduct.

Q. As I understand it, a large part of this was because of the light charge, pilotage and dock dues, because you are carrying a light cargo?—A. Quite right.

By Sir Henry Drayton:

Q. What is a large part?—A. I have not got the figures.

Q. You do not know what the figures are?—A. No, but I do not think there would be much difficulty in getting the figures.

Q. Perhaps it would be as well to get them. Now, Mr. Stewart asks as to the loading charges at Montreal, and his question was:—

[Mr. John P. Doherty.]

“Q. With regard to that loading charge; at Montreal I understand there is a double loading; you have to load into the cars, unload the cars at the docks, and reload into the vessel?—A. That includes everything in the way of loading. At Cardiff and United Kingdom ports it takes about a day to disinfect and clean out a ship after arrival, therefore you have to wait after you discharge the cargo. That is an additional \$400.”

What does that really mean, how do you get your \$400?—A. The \$400 represents the value of the ship's time, covering the period of that detention.

Q. How do you get at that?—A. Our operating expenses.

Q. That is your operating expenses, is it?—A. Yes.

Q. \$400; are they as much as that?—A. While the ships are in port, yes. It is a round figure; it might be \$389 or \$405.

Q. “Then we have to carry cattle feed, which comes to about 10,000 cubic feet.” That 10,000 cubic feet of feed, how many cattle would that look after?—A. 233.

Q. “This means there is that much cargo space which is not occupied for cargo, and upon which there is no charge. If we did not use that cargo space for that purpose, we could use it for other cargo, so you have to charge up the loss against that, which is \$700 per voyage.” Now, Sir Henry makes an extra cost there of \$700 per voyage. On what rate is that \$700 based?—A. It is based on the gross revenue derived from the handling of one load of heavy grain at three shillings per quarter.

Q. That is in comparison with grain at three shillings a quarter?—A. Yes, that is right.

Q. What would be the same comparison of handling that amount?—A. I will tell you that in one moment. It will be approximately \$800 to \$850.

Q. “If we did not carry cattle on these ships we could use that space for more remunerative traffic, traffic which would pay us more than the cattle; therefore, we are justified in charging against the cost of carrying the cattle, the loss of revenue—” That is his reason for charging that?—A. Yes.

Q. He says, “That comes to \$1,485 net loss per cargo.” I am puzzled about that. How do you figure up that net loss?

The CHAIRMAN: What is that?

By Sir Henry Drayton:

Q. This is what Sir Henry Thornton said, “That comes to \$1,485 net loss per cargo.”—A. Yes. He did not go on with all the details.

Mr. SYMINGTON, K.C.: That loss per cargo is the net loss of the cargo he said they would have carried if they had not carried cattle.

SIR HENRY DRAYTON: No, because there is an item of \$700 for cargo which would have been carried.

The WITNESS: This printed record is not correct. If you will allow me, I will give you the balance of the figures.

By Sir Henry Drayton:

Q. Very well, you give us your own stuff.—A. Now, we have taken into consideration the loss of general cargo space occupied in the bridge deck, when space in the bridge deck is used for cattle. We have 20,000 cubic feet of available space in the bridge deck that will handle general cargo when we are not carrying cattle.

The CHAIRMAN: Would you mind speaking a little louder; some of the members cannot hear you.

[Mr. John P. Doherty.]

The WITNESS: We have made allowance for loss of general cargo space in the bridge deck when used for the carriage of cattle, representing 20,000 cubic feet, which is 500 measurement tons of 40 cubic feet, and we took as a fair average rate for such cargo as we might carry in that space \$8 per ton, or a matter of \$4,000. Now, we have deducted from that figure the revenue that we get for carrying cattle in that space, 82 head of cattle at \$20, which is \$1,640. We have also deducted the cost of loading and discharging the cargo, that is general cargo, had it been carried, 500 tons at \$1.75 per ton.

Q. That is a credit to the cattle?—A. That is a credit to the cattle, \$875, or a total deduction of \$2,515 from the amount of \$4,000 that we figure would be earned if the space were used for the handling of general cargo, leaving an item of \$1,485 to the debit of the cattle. That brings the figure, the total figure of \$4,072 for the carriage of 233 head of cattle.

Q. Sir Henry Thornton took it in another way later on, in answer to a question by Mr. Jelliff. At page 8 he said as follows, in answer to the question:

“Q. That does not cause you any additional expense?—A. No. Now, to go on with these various items of expense. Simmered down it amounts to this: it makes the cost of carriage per head \$17.48, and the revenue per head at the present rate is \$20, leaving a profit to the company of \$2.52 per head.”

Now, can you give us the items that make up that \$17.48?—A. We have just rehearsed them, have we not?

Q. Not on that basis; I would just like to see how you get that result.—A. If it costs \$4,072 to handle 233 cattle, the cost per head is \$17.48.

Q. That is how you get it?—A. That is how we get it.

Sir HENRY DRAYTON: I think, Mr. Chairman, as this statement is more concise than Sir Henry Thornton's evidence, it might be well to put it in just as it is, and have it printed in the evidence.

The CHAIRMAN: That is a good idea. We will put that in the evidence.

EXHIBIT NO. 65

CARRIAGE OF CATTLE BY C.G.M.M. STEAMERS

The following statement indicates what it costs us to carry cattle, the several items totalling \$4,072 per voyage; Ships' maximum capacity 233 head.

Erection of Fittings—\$7,000 per ship—

	Per Voyage
\$7,000 at 5½ per cent—\$385 per annum, 6 voyages per annum—per voyage.. . . .	\$ 64 00
Life of Fittings, 10 years—	
Depreciation at 10 per cent—\$700 per annum, 6 voyages per annum.. . .	117 00
Repairs, Etc., to Fittings.. . . .	200 00
Cattle Attendants, Victualling, Etc.—	
1 Vet.	
1 Foreman	
9 Men	
—	
11 Men Victualling at 75 cents per day—40-day voyage.. . . .	330 00
Equipment Losses and Breakages.. . . .	25 00
Cost of Loading Cattle—	
Montreal.. . . .	\$ 50
Quebec.. . . .	3 00
Say.. . . .	325 00
Extra Expense Incurred Discharging Cattle at Cardiff—	
\$125 per ship at \$4.70.. . . .	587 50
(Light, Pilotage, Dock Dues on Deck Cargo, Towage and Dock Pilotage, Boating, Cleaning Ships, etc., and discharging cattle).	
Less cost of discharging equivalent cargo, viz: 1 load grain	
214 tons at 75 cents per ton.. . . .	\$160 50 427 00

[Mr. John P. Doherty.]

Cost of Extra Day's Delay Discharging Cattle—

As against grain—cargo discharge cannot commence until cattle fittings cleaned, disinfected, etc., about 1½ days' work.. . . .	400 00	
Loss of Revenue—		
Loss of space occupied by cattle feed under deck say 10,000 cu. ft. representing 1 load of grain say at 3/ = £150.. . . .	699 00	
Loss of general cargo space occupied in bridge deck when space used for cattle, 20,000 cu. ft. = 500 tons at \$8.. . . .	4,000 00	
Less Revenue for space as derived from carriage of cattle —82 head at \$20 = \$1,640 00		
Cost of loading and discharging cargo—500 tons at \$1.75 = \$875.00.. . . .	2,515 00	1,485 00
		<hr/> \$4,072 00

NOTES

Revenue per head at present rate.. . . .	\$20 00
Cost of carriage per head.. . . .	17 48
Net return to steamer.. . . .	<hr/> \$ 2 52

Figures are based on voyage where cattle are disembarked at vessel's regular discharge port.

Vessel requiring to make extra port of call for purpose of landing cattle means added operating cost of approximately \$1,000. This frequently occurs as for Birkenhead, Glasgow, Avonmouth.

Cattle are not always available for successive voyages and as fittings must be left standing (or demolished at considerable expense and loss with prospective necessity of refitting at heavy cost) space in the Bridge Deck which otherwise could accommodate general cargo is unavailable on such voyages—a further loss of revenue.

The CHAIRMAN: Now, Mr. Montgomery, you were anxious that this witness should be called, and I think it would be only fitting that you should have the right of way for a little while in examining him.

Mr. MONTGOMERY, K.C.: I do not care, Mr. Chairman; this is all information which I think is useful.

The CHAIRMAN: Absolutely, but I thought you might have prepared some scheme of examination.

Mr. MONTGOMERY, K.C.: I think perhaps Sir Henry can do it much more concisely than I could, and I can supplement his examination with anything I have.

By Mr. Rinfret:

Q. May I be permitted to add just one question? I see in the cost of carrying cattle you have a figure of \$1,485, which represents in your opinion the loss from cargo, that is, if you had carried another class of cargo. That presupposes, of course, that you would have had a full cargo of something else?—A. Quite correct.

Q. This is not at all according to the conditions that have been described to us during this inquiry?—A. What those conditions are I am sure I do not know. If you will tell me what you have in mind—

Q. It seems to me a very hypothetical loss?—A. I beg your pardon.

Q. If you had not carried that cattle, you presume that your ship would have been filled with another class of cargo?—A. Naturally.

Q. But that is not according to conditions that have been described to us.

Sir HENRY DRAYTON: Eighty-five per cent full.

By Mr. Rinfret:

Q. Would that be correct in your opinion?—A. When this statement was prepared, I felt perfectly satisfied in my own mind that we would be in a position to get sufficient cargo to fill these steamers, were they not carrying cattle, including the bridge deck space.

[Mr. John P. Doherty.]

Q. Would that mean that in a way the Canadian Government Merchant Marine is giving a kind of public service, by carrying a cargo which does not pay as much as another class of cargo that you could get, and which is left to the private companies?—A. We show from these figures that the cattle, after making these various deductions leave us net a matter of \$2.52 per head.

Q. That is the profit to you, calculated—

Mr. MONTGOMERY, K.C.: No, that is not profit.

The WITNESS: No, we have taken our expenses into account, our actual handling expenses.

By Mr. Rinfret:

Q. But that is getting away from my question. Would you figure you would have a better return if you carried some other class of cargo?—A. In that particular space, under the bridge deck, yes.

Q. Why should the Canadian Government Merchant Marine agree to carry a cargo which is not paying, while that Marine could carry another class of goods? What is the idea in doing that?—A. It is rather difficult perhaps for me to explain that particular point, unless I might say that the ships were fitted—I think I said a moment ago, three years ago—when there was considerable demand for space for the carriage of cattle, and the space has remained fitted. It cost considerable money for fitting, and even to-day with the agitation that we have for additional cattle space, I am afraid it would be rather a serious situation if we were to show the cattle exporter that we thought so little of his interests that we would deprive him of the opportunity of shipping 82 head of cattle in that particular space on the few steamers that we have carrying cattle.

Q. That means really, then, that the Canadian Government Merchant Marine is performing a public service, that it is not a business proposition. They are carrying cattle to accommodate a certain class of taxpayers or supporters, but they could make more money if they carried something else. You presume, in your calculations, that if you wanted to you could get the other class of cargo?—A. In the face of these figures, that is our contention.

By Sir Henry Drayton:

Q. Then as to the net, I will just clear that up. Sir Henry Thornton was asked:—

“Q. And does that include a fair proportion of the fuel and other expenses of the voyage?—A. No, it is the bare cost of handling the cattle. We have not charged anything for operating the ships against these cattle. Perhaps we should.”

That is just what Mr. Duff said.—A. That is quite right.

Mr. SYMINGTON, K.C.: No steaming costs in there at all.

Mr. DUFF: No operating costs.

The WITNESS: These are purely cattle handling costs.

Mr. DUFF: You get \$2.52 for carrying cattle across the Atlantic. It is certainly a nice business.

Sir HENRY DRAYTON: This is how Sir Henry Thornton deals with it, and perhaps you will agree with this, Mr. Duff. He says:—

“It really does not require a very wide flight of the imagination to see what happens, especially if you charged in interest on the cost of the vessel. While I do not want anything that I say to be misinterpreted as an effort in the direction of propaganda for increasing cattle receipts, at the same time, generally speaking, \$20 per head on cattle to the United Kingdom is not considered a high charge in the shipping world.”

[Mr. John P. Doherty.]

I suppose you have no idea of the real cost of running that ship across if you had a full cargo of cattle?

By Sir Henry Drayton:

Q. Supposing you had a cattle boat on that basis which you stated, what would be the result of a voyage?—A. These boats are not capable of carrying any additional cattle. That is the limit of their capacity; they are fitted as far as they can be fitted for the accommodation of live stock.

Sir HENRY DRAYTON: Now, Mr. Doherty, I would like you to look at page 40.

The CHAIRMAN: Before you get to that, Sir Henry, I would like to direct the attention of the Committee to part of the report which came from the Special Committee examining into Agricultural Conditions, in the session of 1923. We closed our fifth report with these words, at page 22 of the Sessional Papers of 1924:—

“Your Committee have learned that action along the above lines is being taken by the Government and that six boats of the Canadian Government Merchant Marine are now being equipped with suitable fittings for the carrying of cattle to Great Britain.

“We recommend that in order to determine whether such boats are commercially adapted for this trade, very careful account should be kept of their expenses and cost of operation, with a view of determining, as far as can be done, the cost of carrying cattle from eastern Canadian ports, including Quebec and Montreal, to Great Britain, so that it may be ascertained, with the greatest precision possible, whether or not the present ocean rates on cattle are reasonable and fair or can be reduced in the interests of the cattle raisers of this country, without unfairness to the ocean carriers.”

It seems to me it is proper to put this before the Committee in order to relieve anyone from responsibility for having engaged in this type of work, because the action of the Government in this regard was especially commended by the Committee which examined into this question.

Sir HENRY DRAYTON: The point which the Chairman has very properly brought up is referred to at page 27 of your evidence, when you were being examined by Mr. Kyte as to these boats. Have you got that page?

The WITNESS: I have.

By Sir Henry Drayton:

Q. What do you say as to the boats—as to speed and the like?—A. Well, the steamers are not what I would call vessels fully adapted to the carriage of cattle. I mean, the steamers were never intended as real cattle carriers—

Mr. DUFF: No, exactly.

The WITNESS: —and when the demand came for cattle space we did the best we could to fit them out for the carrying of cattle.

By Sir Henry Drayton:

Q. Yes, Mr. Doherty, but after fitting them up were you under any added disability with regard to the boats? I know you say the boats compared favourably in carrying capacity, speed, and all that sort of thing?—A. I do not know that statement was made dealing absolutely with the question of cattle.

Q. No, but freight generally?—A. Yes.

Mr. SYMINGTON, K.C.: Was that Mr. Doherty or Sir Henry (Thornton) speaking there?

[Mr. John P. Doherty.]

Sir HENRY DRAYTON: Mr. Doherty.

The WITNESS: Just what are you trying to develop, Sir Henry (Drayton)?

By Sir Henry Drayton:

Q. I am trying to find out what the Chairman has stated the Committee recommended—what you could find out in connection with cost. Take the speed of the boats, in the first instance; how do they compare with the others?—A. Some of them compare and some do not.

Q. Which ones do they compare with?—A. Vessels which will make the trans-Atlantic voyage in 12 or 14 days.

Q. That is your trip, is it?—A. Practically.

Q. How do they compare in numbers—those that make that speed and those which take a longer time? I am speaking of the boats plying out of Montreal.—A. Steamers taking longer than 12 or 14 days?

Q. Yes?—A. I do not know that there are many, Sir Henry, which take a longer time than that?

Q. Yes?—A. I do not think so.

Q. How many go faster in the cattle trade?—A. I do not know that I would be in a position to tell you the number, but no doubt there are some.

Q. Which ones are those?—A. Do you want me to mention the names of the steamers?

Q. Yes?—A. I do not know that I am competent to do that.

By Mr. Black (Halifax):

Q. They are average tramp steamers?—A. Yes.

Q. Of the Canadian Government Merchant Marine?—A. It depends on what you call a "tramp."

Q. I call a tramp the ordinary cargo steamer.—A. Do you refer to the tramp as a steamer that is slow in speed or something of that kind?

Q. No, tramps vary somewhat.—A. My idea of a tramp is a steamer that is going hither and thither where she can pick up cargo to her best advantage, having little regard for any definite or specific route. Our steamers are not following that plan.

Q. But the class of the steamers is about the same? I am speaking of the class of the steamers.—A. If you call many of the cargo-carrying steamers operating in the St. Lawrence in the summer time "tramps," we will have to put our own in the same class.

By Mr. Duff:

Q. A tramp steamer is a bulk cargo steamer?—A. They carry bulk cargo, yes.

Q. That is what is usually known as a tramp steamer—those which carry bulk cargo?—A. They are in the bulk-cargo-carrying trade, yes.

By the Chairman:

Q. I think you have given us a very excellent definition of "tramp," but do our Canadian Merchant Marine boats generally correspond in quality, speed and construction with those boats which are usually operated as tramps, or the boats which we usually call "liners"?—A. Well, I do not know that I could make one answer that would reply to your question.

Q. You know what question is in my mind; give the information which it appears to you I am seeking.—A. I will do the best I can. As regular freight-carrying steamers, I think the vessels we are operating are perfectly satisfactory. They are superior to many steamers, perhaps, that are coming

[Mr. John P. Doherty.]

to Montreal for full cargoes of grain; on the other hand, in the past, there have been steamers coming to Montreal for full cargoes of grain which are superior to ours, because under the various conditions of trade, we have one class of steamers at one time, and another class of steamers at another time. As a matter of fact, I think within the last two years we have had passenger steamers coming to Montreal for full grain cargoes.

By Mr. Black (Halifax):

Q. Would you call them equal to the liner boats which are trading to Montreal, not carrying passengers?—A. To some of them, yes; there are some, perhaps—

Q. But not generally?—A. I think you might consider it as a fifty-fifty break, Mr. Black. There are some steamers which are perhaps superior to ours.

By Hon. Mr. McMurray:

Q. Does that apply to all your ships?—A. I am speaking of the ones we are operating.

Q. How about the ones you are not operating?—A. Which are they?

Q. You have some which are not in operation?

Sir HENRY DRAYTON: I should not think anything under 8,000 tons.

The WITNESS: I am talking of our 8,000-ton steamers, which are carrying cattle. We have been talking about cattle up to now.

By Mr. Symington, K.C.:

Q. Those are the boats in the North Atlantic freight?—A. Yes.

Q. How many have you got?—A. We have four carrying cattle.

By Hon. Mr. McMurray:

Q. Can they compete favourably by reason of construction and so on with what are ordinarily called "cattle boats"?—A. As cattle-carriers, no.

Mr. DUFF: They carry cattle on part of the deck.

Mr. SYMINGTON, K.C.: It is a little extra carriage.

By Mr. McKay:

Q. You say you have four steamers carrying cattle? Would they carry 200 each?—A. Yes.

Q. Will you give the names of them?—A. The *Canadian Commander*, *Canadian Leader*, *Canadian Mariner*,—

By Sir Henry Drayton:

Q. And the *Voyager*?—A. No.

Q. You have the *Voyager* down here?—A. No, not as a cattle-carrier.

Q. You are right; I beg your pardon.—A. I missed the *Victor*; that is the fourth one.

By Mr. McKay:

Q. Can you give the number of these, in time consumed by voyages—the time in which each of these vessels go to and from the Old Country?—A. East-bound voyages will be made in from 12 to 14 days.

Q. And the return voyages?—A. Depending largely on weather conditions and the amount of cargo they have to bring back.

Q. What is the average number of miles per hour?—A. Probably $9\frac{1}{2}$ or 10.

[Mr. John P. Doherty.]

By the Chairman:

Q. Knots or miles?—A. Knots an hour.

By Mr. Duff:

Q. That is eastbound?—A. You were speaking of the round voyages, Mr. McKay?

By Mr. McKay:

Q. I am speaking of the eastbound and westbound separately, if you can give it to me?—A. It is hard to say. As far as the eastbound voyages are concerned, you can work out a fair average of, say, $9\frac{1}{2}$ to 10 knots.

Q. And the westbound?—A. They might do as well; on the other hand, they might not do so well. It is hard to strike an average. We have had them make a voyage of 20 to 21 days; on the other hand they have made a voyage in 12 days, coming home.

Q. What is the average?—A. Say 15, offhand.

By the Chairman:

Q. Would they be coming back to Canada light and the weather have more effect on them?—A. Absolutely.

Mr. DUFF: It always takes longer for a western voyage than an eastern voyage.

Sir HENRY DRAYTON: It is a rougher trip.

By Mr. Halbert:

Q. Do I understand you to say that if you were not in the business of carrying cattle there would be plenty of other freight to keep you busy?—A. Generally speaking.

Q. How does that account for difference in tonnage enough to keep them all going? Do they have to go light, if they have not a full cargo?—A. I cannot sit here to-day and tell you for the next twelve months I will have a full cargo for these steamers, but from our past experience we feel that we can fill these steamers going to Bristol Channel except under various conditions over which we have no control. Taking it generally, when this statement was prepared, we felt that would be possible.

Q. Some of your boats carrying cattle to-day were put in the other trade and naturally there is more competition from the other trade?—A. Before they were put in the other trade.

Q. The other trade would be more profitable?—A. You mean carrying general cargo?

Q. Yes.—A. At present we have not any competition into the Bristol Channel. We are handling Cardiff and Swansea on our own. We are alone in that trade.

By Mr. McKay:

Q. Outside of those four steamers carrying cattle have you any other vessel or vessels in the Merchant Marine operating from Canadian ports?—A. We have a service at Antwerp which may call at London, although it is really a continental service, although we do go into London.

Q. How many of them are operating?—A. Five at the present time.

Q. What do they carry?—A. Grain and general cargo.

By Mr. Stork:

Q. What proportion of the cattle trade is handled by your boats, Mr. Doherty?—A. I would not like to give you the actual percentage but the proportion only handling cattle is very small in comparison to the whole.

[Mr. John P. Doherty.]

Q. Twenty-five per cent?—A. Nothing like that. We are only capable of carrying 466 animals a month. There are certain steamers going out of Montreal that will carry 900 at a time.

Q. It has only been in recent times that Canada shipped over there at all?—A. Within the last few years, I mean in number again, years ago there was rather a heavy movement; years ago there was a heavy movement in cattle.

Q. There has been an embargo on cattle?—A. There was. It had rather a serious effect.

By Mr. Duff:

Q. What cargo would you have carried if you were not carrying cattle last year in that space?—A. What cargo we would carry? What kind of cargo? General cargo?

Q. General cargo?—A. Yes.

By Mr. Symington, K.C.:

Q. On an open deck?—A. No, that is a bridged deck. It is a covered space.

The CHAIRMAN: We have sat for almost three hours. I do not know how the Committee feels but I do not think we can possibly finish with Mr. Doherty to-night and that being the case I would suggest the possibility of adjourning now.

Mr. SYMINGTON, K.C.: Are we not going to sit in the morning?

The CHAIRMAN: There is a meeting in the morning of the Opposition caucus. We will meet at 3.30 to-morrow and sit until 6 o'clock.

The WITNESS retired.

Committee adjourned until 3.30 o'clock, May 7, 1925.

Special Committee Appointed to Consider the

RESOLUTION

To Give the Government of Canada Control over
Certain Ocean Rates

PROCEEDINGS OF THE COMMITTEE

No. 12—Thursday, May 7, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

John P. Doherty, Traffic Manager, Canadian Government Merchant Marine,
Montreal—(*Continued*)

EXHIBITS

No. 66—Detail of item of £125 disbursed by C.G.M.M. in connection with
the discharge of cattle at Cardiff. Filed by Mr. J. P. Doherty (read
into evidence)

No. 67 A—Statement. Results of voyages of C.G.M.M. steamers carrying
cattle from Montreal, season 1923. Filed by Mr. J. P. Doherty (read
into evidence)

OTTAWA

F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No. 277,

THURSDAY, May 7, 1925.

The Committee met at 3.30 o'clock p.m. the Chairman, Mr. McMaster presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—15 (All members present).

Mr. John P. Doherty, who was again in attendance in obedience to summons, was further examined and retired.

During the course of his examination Mr. Doherty filed Exhibit No. 66, "Detail of item of £125 disbursed by C.G.M.M. in connection with the discharge of cattle at Cardiff," which was read into evidence; Exhibit No. 67A, "Results of voyages of C.G.M.M. steamers carrying cattle from Montreal, season 1923," which was read into evidence.

The Committee adjourned at 6.10 o'clock p.m. to meet again at 3.30 o'clock p.m. on Friday, May 8, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
THURSDAY, May 7, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and we will proceed. Will Mr. Doherty please come forward?

JOHN PATRICK DOHERTY recalled.

Sir HENRY DRAYTON: Mr. Chairman, I think Mr. Doherty has the details of the discharging business which we wanted yesterday.

The CHAIRMAN: Mr. Doherty, if you have any further details to place before us in connection with the cost of discharging cattle, will you give them to us now?

Mr. DUFF: Before Mr. Doherty proceeds, I was wondering what the solicitors expect to bring out in his evidence. If it is the fact that the Canadian Government Merchant Marine has lost money in carrying cattle, we already know that. I wonder if Counsel will explain what they expect to bring out by this evidence.

The CHAIRMAN: The presence of Mr. Doherty was desired not only by one at least of the Counsel, but by several members of the Committee.

Sir HENRY DRAYTON: I know I wanted Mr. Doherty here. I wanted to hear what he had to say about the costs given last year, and I want to find out if any economies have been brought about since in connection with those costs.

Mr. DUFF: The costs of carrying cattle?

Sir HENRY DRAYTON: Yes.

Mr. DUFF: I thought perhaps Mr. Montgomery was trying to prove that there was no money in carrying cattle in the operations of the Canadian Government Merchant Marine, and I am willing to admit that.

Mr. MONTGOMERY, K.C.: Unhappily, we are all in the same position.

Mr. DUFF: I would not say that. I am speaking only for the Canadian Government Merchant Marine.

The CHAIRMAN: Sir Henry, supposing you question the witness, so that we may get started.

Sir HENRY DRAYTON: Very good.

By Sir Henry Drayton:

Q. Mr. Doherty, you have the details asked for as to the cost of unloading?

—A. Yes, sir.

Q. Would you produce it, please?—A. Yes, sir.

Q. Just read it?—A. I was questioned yesterday as to the amount of £125 sterling covering our costs in regard to the discharging of cattle at Cardiff. I have been able to get in touch with our Montreal office, and they have been able to give me details, which I will be glad to read:—

EXHIBIT No. 66

DETAILS of item of £125 disbursed in connection with the discharge of cattle at Cardiff.

Light dues on deck cargo..	£2 8/5
Dock dues on deck cargo..	9 2/6
Pilot dues on deck cargo..	9/9
Extra towage	31 4/
Dock pilotage..	4 0/
Boating..	3 12/6
Discharging cattle..	8 15/
Cleaning and disinfecting..	65 8/10
Total..	£125 0/0

Those, gentlemen, are actual figures; moneys that we have actually spent on one particular steamer.

Q. Those were last year's costs which we had; have you been able to make any economies, Mr. Doherty, or are those figures up-to-date?—A. I think you can take the figures I have submitted as applying to date.

By Mr. Symington, K.C.:

Q. You mean covering this whole statement, or the £125?—A. This whole statement, with a few little odds and ends of which I spoke yesterday. I do not think they make any difference.

By Sir Henry Drayton:

Q. Then, Mr. Doherty, at page 40 of your evidence, you gave us the actual sailings?

The CHAIRMAN: Would you like to have this statement produced, Mr. Symington?

Mr. SYMINGTON, K.C.: I think so, Sir. It has been read and should be marked.

By the Chairman:

Q. I wonder, just before we move on, if I could inquire what "boating" means?

Mr. DUFF: Carrying lines from the steamers to shore.

The WITNESS: As I understand it, Mr. Chairman, it has to do with the taking of lines and such like in connection with docking and undocking of the steamers.

By the Chairman:

Q. The taking of the lines or hawsers from the ship to the wharf?—A. That is right, sir.

By Sir Henry Drayton:

Q. Have you the statement showing the result of voyages of steamers carrying cattle from Montreal for the season of 1923?—A. Yes, I have.

[Mr. J. P. Doherty.]

EXHIBIT No. 67 A

STATEMENT.—Results of voyages of C.G.M.M. steamers carrying cattle from
Montreal, season of 1923

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 14, Sailed July 27 for Cardiff

216 Cattle.. . . .	\$4,320 00	
<i>Principal Commodities—</i>		
Cheese—167 tons.. . . .	2,244 40	
Grain—285,788 bushels.. . . .	19,072 17	
Provisions—215 tons.. . . .	2,174 65	
Cereals—104 tons.. . . .	840 60	
Duration of voyage, 47 days.		
<i>Earnings—</i>		
Eastbound.. . . .	30,554 37	
Westbound.. . . .	3,314 94	
	<hr/>	
	\$33,869 31	
<i>Expenses</i>	38,450 63	
	<hr/>	
Deficit.. . . .		\$4,581 32

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 15 Sailed Sept. 24, 1923, for Cardiff

150 Cattle.. . . .	\$2,700 00	
<i>Principal Commodities—</i>		
Butter—40 tons.. . . .	1,264 69	
Cheese—243 tons.. . . .	3,265 50	
Phosphorus—22 tons.. . . .	491 84	
Zinc dross—52 tons.. . . .	334 40	
Provisions—101 tons.. . . .	1,098 49	
Grain—160,000 bushels.. . . .	10,080 00	
Lumber—106,603 s. ft.. . . .	1,048 07	
Duration of voyage, 44 days.		
<i>Earnings—</i>		
Eastbound.. . . .	20,336 98	
Westbound.. . . .	266 59	
	<hr/>	
	\$20,603 57	
<i>Expenses</i>	33,175 91	
	<hr/>	
Deficit.. . . .		\$12,572 34

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Commander* Voy. 16, Sailed Nov. 17, 1923, for Dundee

272 Cattle.. . . .	\$6,800 00	
<i>Principal Commodities—</i>		
Grain—248,648 bushels.. . . .	25,067 71	
Lumber—271,519 s. ft.. . . .	2,495 63	
Provisions—190 tons.. . . .	1,746 49	
Nickel oxide—106 tons.. . . .	1,420 02	
Duration of voyage, 51 days.		
<i>Earnings—</i>		
Eastbound.. . . .	38,132 74	
Westbound.. . . .	1,061 38	
	<hr/>	
	\$39,194 12	
<i>Expenses</i>	37,841 97	
	<hr/>	
Surplus.. . . .		\$1,352 15

[Mr. J. P. Doherty.]

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 8, Sailed June 15, 1923, for Cardiff

210 Cattle.. . . .	\$4,200 00	
<i>Principal Commodities—</i>		
Flour—226 tons.. . . .	957 60	
Grain—220,294 bushels.. . . .	15,542 93	
Lumber—86 tons.. . . .	485 45	
Nickel oxide—132 tons.. . . .	1,778 96	
Provisions—161 tons.. . . .	1,436 78	
Phosphorus—46 tons.. . . .	1,160 19	
Duration of voyage, 55 days.		
<i>Earnings—</i>		
Eastbound	26,953 41	
Westbound.. . . .	8,826 62	
	<hr/>	
	\$35,780 03	
<i>Expenses</i>	40,260 27	
	<hr/>	
Deficit.. . . .		\$4,480 24

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 9 Sailed Aug. 16, 1923, for Cardiff

229 Cattle.. . . .	\$4,580 00	
<i>Principal Commodities—</i>		
Cheese, 236 tons.. . . .	3,851 90	
Grain, 270,369 bushels.. . . .	19,448 77	
Provisions—235 tons.. . . .	2,211 79	
Phosphorus—43 tons.. . . .	960 87	
Duration of voyage, 41 days.		
<i>Earnings—</i>		
Eastbound.. . . .	32,279 20	
Westbound.. . . .	5,934 09	
	<hr/>	
	\$38,213 29	
<i>Expenses</i>	33,814 90	
	<hr/>	
Surplus.. . . .		\$4,398 39

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Leader* Voy. 10, Sailed Oct. 5, 1923, for Glasgow

242 Cattle.. . . .	\$4,760 00	
<i>Principal Commodities—</i>		
Cheese—131 tons.. . . .	1,761 13	
Butter—29 tons.. . . .	912 06	
Grain—228,745 bushels.. . . .	17,200 63	
Zinc ashes—135 tons.. . . .	942 50	
Nickel oxide—264 tons.. . . .	3,551 71	
Provisions—61 tons.. . . .	548 33	
Duration of voyage, 43 days.		
<i>Earnings—</i>		
Eastbound.. . . .	30,544 25	
Westbound.. . . .	10,375 98	
	<hr/>	
	\$40,920 23	
<i>Expenses</i>	38,281 66	
	<hr/>	
Surplus.. . . .		\$2,638 57

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Mariner* Voy 13, Sailed July 13, 1923 for Cardiff

216 Cattle.. . . .	\$4,320 00	
<i>Principal Commodities—</i>		
Nickel oxide—132 tons.. . . .	1,781 11	
Flour—219 tons.. . . .	931 00	
Grain—265,803 bushels.. . . .	17,641 68	
Lumber—61,850 s. ft.. . . .	591 99	
Phosphorus—43 tons.. . . .	964 70	
Provisions—145 tons.. . . .	1,294 80	
Miscellaneous.. . . .	1,228 50	
Duration of voyage, 55 days.		
<i>Earnings—</i>		
Eastbound.. . . .	28,753 78	
Westbound.. . . .	8,469 03	
	<hr/>	
	\$37,222 81	
<i>Expenses</i>	39,516 33	
	<hr/>	
Deficit.. . . .		\$2,293 52

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Mariner* Voy. 15, Sailed Nov. 9, 1923, for Dundee

271 Cattle.. . . .	\$6,775 00	
<i>Principal Commodities—</i>		
Grain—276,568 bushels.. . . .	24,216 22	
Lumber—216,324 s. ft.. . . .	1,920 11	
Nickel oxide—132 tons.. . . .	1,778 61	
Provisions—153 tons.. . . .	1,409 25	
Duration of voyage, 49 days.		
<i>Earnings—</i>		
Eastbound.. . . .	36,133 90	
Westbound.. . . .	5,379 08	
	<hr/>	
	\$41,512 98	
<i>Expenses</i>	38,796 27	
	<hr/>	
Surplus.. . . .		\$2,716 71

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

SS. *Canadian Victor* Voy. 12, Sailed July 5, 1923, for Cardiff

229 Cattle.. . . .	\$4,580 00	
<i>Principal Commodities—</i>		
Cheese—121 tons.. . . .	1,630 64	
Grain—234,215 bushels.. . . .	15,755 86	
Lumber—272,571 s. ft.. . . .	2,660 73	
Provisions—257 tons.. . . .	1,993 38	
Nickel oxide—265 tons.. . . .	3,565 57	
Phosphorus—43 tons.. . . .	966 45	
Duration of voyage, 49 days.		
<i>Earnings—</i>		
Eastbound.. . . .	31,566 49	
Westbound.. . . .	2,307 24	
	<hr/>	
	\$33,873 73	
<i>Expenses</i>	37,917 52	
	<hr/>	
Deficit.. . . .		\$4,043 79

[Mr. J. P. Doherty.]

Sir HENRY DRAYTON: I would suggest, Mr. Chairman, that this be placed in the printed record. This shows the exact result of voyages of steamers carrying cattle for the season of 1923.

By Sir Henry Drayton:

Q. Mr. Doherty, are these selected, or are they actual movements? Are these fair, characteristic movements?—A. Fair, characteristic movements.

Q. Then you show in connection with your commodities, "Cheese." What rate are you charging on cheese?

The CHAIRMAN: Is that for to-day?

Mr. SYMINGTON, K.C.: 1923.

The WITNESS: These are all of 1923. As I remember, the rate was 60 cents per hundred pounds.

By the Chairman:

Q. That is ordinary stowage?—A. Yes.

By Sir Henry Drayton:

Q. Suppose you look at the particular voyage, as given at page 40 of your evidence. That is the *Commander*; she carried 167 tons of cheese, and the rate you say was 60 cents?—A. Yes.

Q. What is the rate to-day?—A. 70 cents.

Q. What are you charging to-day?—A. 70 cents.

Q. Is that the Combine rate or not?—A. The Combine rate?

Q. Yes—well, the Conference rate, if you do not like the other?—A. It is the rate I understand all the lines operating out of Montreal are charging.

Q. Then what do you charge for grain? You carried on that trip 285,000 bushels of grain.—A. I cannot tell you what the rate was for that particular grain.

Q. How did it compare with to-day's charges for grain? Can you tell us that?—A. I cannot tell you, Sir Henry, just what we got for that particular steamer's grain, because the rates are constantly fluctuating. If I had contemplated your question, I naturally could give you these rates.

Q. Then you carried 215 tons of provisions? Can you tell me what that rate was?—A. As I remember it, in 1923, it was 40 cents per hundred pounds.

By Mr. McKay:

Q. What does "provisions" cover?

By Sir Henry Drayton:

Q. What is your rate to-day on that?—A. 50 cents.

Q. 50 cents to-day, and 40 cents charged there (indicating). Then you have "cereals." What is the cereal rate?—A. I think the cereal rate at that time would be 30 cents.

Q. 30 cents a hundred pounds?—A. Yes.

Q. What is it to-day?—A. 35 cents, as I recall it.

Q. So we have the basis on which we can re-calculate that for ourselves, and we will not keep you here to recalculate it for us.

The CHAIRMAN: So the witness will not lead us, quite unwittingly, astray, if they were charging the Conference rates, which they probably were, in 1923, cereals in cases, would be 35 cents and in boxes or barrels, 30 cents, and that went up in 1924 to 45 cents and 40 cents respectively.

Sir HENRY DRAYTON: He says thirty.

[Mr. J. P. Doherty.]

The WITNESS: Perhaps I had better correct my evidence and say 45 cents at present.

By Sir Henry Drayton:

Q. What rate then?—A. 35 cents.

By Mr. Montgomery, K.C.:

Q. In bags?—A. It is 35 cents and 45 cents. To-day cereals shown here would be shipped in cases, so that these rates would apply, 35 cents then and 45 cents now.

Q. These are the commodities on the *Commander*. Was she pretty well loaded or half empty or what?—A. That is also a difficult question to answer without having the definite figures before me. I mean the figures that I brought with me are exactly those that are shown in the record to which you are making reference. I have not brought along particulars.

By Sir Henry Drayton:

Q. It is important to know whether these boats were loaded or not as we are considering their earning power.—A. That is very true.

Q. You can have that looked up at a later date?—A. Yes, I am satisfied that I can do that.

Q. You tell us that these are fair characteristic voyages so we do not want to give you too much work?—A. It is no work at all.

Q. The next trip, voyage fifteen of the *Commander* shows she carried forty tons of butter. What rate did you get on that?—A. I would say \$1.50 per 100 pounds.

Q. That is to-day's rate too?—A. Yes.

By the Chairman:

Q. Is that in ordinary stowage?—A. No, that is cold storage.

By Sir Henry Drayton:

Q. Then 243 tons of cheese. What rate would that move at?—A. That would be 60 cents, as I said before.

Q. What is that to-day?—A. 70 cents.

Q. Yes. We went up 10 cents on that. Then the grain, you do not know about. What was the lumber rate then?—A. The Chairman can correct me if I am not right.

The CHAIRMAN: Let me help the witness by telling him this. There are four different classes of lumber.—A. If the lumber was soft wood deals entirely the rate would be 70s. per standard.

By Sir Henry Drayton:

Q. How does that stand to-day?—A. It is the same.

Mr. MONTGOMERY, K.C.: I think they have made a recent reduction on that. We have had evidence on that from the witness yesterday.

By Sir Henry Drayton:

Q. Perhaps you have not caught up with that yet?—A. We do not lose much time in catching up. To-day's rate is 65 shillings.

Q. As against?—A. 65 as against 70.

Q. Then we have another new thing, phosphorus. How do you class that phosphorus? What did that move at?—A. In 1923, as I recall, the phosphorus rate was \$1.15 per 100 pounds.

[Mr. J. P. Doherty.]

Q. What is it to-day?—A. One dollar.

Q. Is that your rate or the Conference rate?—A. It is my rate that I am quoting.

Q. What is the Conference rate?—A. I understand the other Lines are quoting identical.

Q. Zinc dross, 52 tons, what did that move at?—A. In 1923, possible \$6.50 gross ton.

Q. How does that stand to-day?—A. I think the rate to-day is perhaps 50 cents or \$1 lower.

Q. I suppose you can get that definitely?—A. Oh, yes.

Q. You might make a note of that.

The CHAIRMAN: Sir Henry was suggesting to the witness he should take notes of the different things he is asked for.

By Sir Henry Drayton:

Q. What I wanted to get at—your evidence is that you have put in characteristic sailings with certain earnings. I wanted to get those rates and I wanted to see what those same characteristic sailings would mean at to-day's prices.—A. Yes.

Q. Your boats no longer sit in with the Conference, I understand?—A. I have not attended a Conference meeting since February.

Q. Did you quote the same rates or did you cut the rates?—A. I have been quoting the same rates in the meantime.

By Sir Eugene Fiset:

Q. Are the rates furnished to you at the present time?—A. I am able to keep myself advised as to what the rates are.

Mr. Duff:

Q. How do you keep yourself advised?—A. I inquire.

By Sir Henry Drayton:

Q. You inquire as to the rates and follow them?—A. Yes.

Q. Do I understand the last time you attended a Conference was in February?—A. Yes. The latter part of January or the early part of February.

Q. The latter part of January or the early part of February?—A. Yes.

Q. What rate do you charge for depreciation in your boats here?—A. That is a question I am not altogether in a position to answer.

Q. Just make a note of it.—A. Depreciation?

Q. Yes. How much are you getting for depreciation in cost?—A. Do you mean in those figures?

Q. No. You say nothing at all in these books. I understand these are the actual expenses taken from the actual entries?—A. The expenses are the actual voyage expenses.

Q. I would like to know just what that expense covers. Perhaps you would like to look into that too.—A. No. I think I can tell you that. They cover loading and discharging of the cargo, port charges, the actual operating of the steamer. I think that covers it. It is the actual operating of the steamer.

Q. Could you do this for us—for example, we have, in connection with the first voyage—I will take that as characteristic—we have a total expense of \$38,000. Could you explain how much is for port charges and how much for sea cost and the like? It would be easy for you to put in a supplementary statement?—A. As a matter of fact I have some figures here which go into

[Mr. J. P. Doherty.]

some detail in connection with these voyages but I am rather disinclined perhaps, to put them in the record, unless you are going to ask the other Liners to produce the same data.

Q. I do not want you to produce anything which you think would hurt you from a competitive standpoint. We have this item of \$38,000. I do not think it would hurt you to tell us how that is arrived at.—A. To tell you how it is arrived at I have to give you a full detail and I do not think that I should be called up to do so unless all lines are going to be on the same basis.

Mr. SYMINGTON, K.C.: I may say that Mr. Doherty brought those figures here and gave them to the auditor, who has them now. You can see them there.

Sir HENRY DRAYTON: I think the Merchant Marine should be treated the same as everybody else.

Hon. Mr. STEVENS: Ask the same questions we asked Mr. Marlow on these charges. I was just looking for them.

Mr. HALBERT: Would you give an explanation of the difference in the voyages. The first voyage was 47 days and the second voyage was 44 days. What is the explanation of that?

The WITNESS: The figures of earnings would indicate that that particular steamer did not have a full cargo.

Q. How do you account for three days longer by the same boat?—A. It might be weather conditions.

Sir HENRY DRAYTON: I think one of them was delayed by a strike.

The WITNESS: One or two of them.

Q. I think that has those indicated. I forget the numbers. I know one or two were. You could find out about that.

Mr. SYMINGTON, K.C.: One boat took 47 and 44 and 51. That was the same boat?

Sir HENRY DRAYTON: I know it was in one case a strike. It may be in two cases. It is not fair to the earnings of the boat to have that looked upon as a characteristic.

Mr. SYMINGTON, K.C.: The *Leader* took 50 days as opposed to 41.

By Sir Henry Drayton:

Q. You cannot tell how long your loading is going to take.—A. You cannot figure that way. You cannot figure how long. It depends very largely on conditions and the volume of cargo you have to take.

Q. And you might also tell us in that connection how you calculate your voyage period. How long a time do you allow in calculation of your voyage period for detention, loading and unloading at either end?—A. The steamers operating in the Bristol Channel trade are run on a fortnightly schedule. In other words they have eight weeks wherein to turn around and sail again.

Q. Do you look upon that as a fair time, eight weeks?—A. Yes.

Q. How much time is really taken up in loading, unloading, cleaning and the like? How much time for cargo?—A. We have four weeks steaming and we have from two to say two and a half weeks in the Bristol Channel; that is six and one half weeks, and the balance of the time is in the home port.

By Mr. Montgomery, K.C.:

Q. What is the trial speed of those boats, can you tell us?—A. If my recollection is correct it was ten and a half to eleven knots. That is only my recollection. I cannot say definitely that that is so.

[Mr. J. P. Doherty.]

By Mr. Symington, K.C.:

Q. That is her present speed?—A. I think I said yesterday, nine and a half to ten knots.

Q. Is that trial speed as against ocean loaded speed. The term you used was "her present"?—A. Yes. That is today.

Q. Is that the time as contrasted with the actual speed on the ocean loaded?—A. The average time we figure to be nine and a half to ten knots.

By Hon. Mr. Stevens:

Q. What is the trial speed?—A. As I say my recollection is ten and a half to eleven knots.

By Mr. Symington, K.C.:

Q. Is trial speed taken under the same conditions as I asked about the present speed?—A. A ship making a trial, as I understand it, travels over a measured distance. Steamers operating over the Atlantic Ocean are bound to meet all kinds of conditions that would be probably somewhat adverse in comparison to the conditions that would require to be met under trial. I am only telling you my own views of those things.

By Mr. Duff:

Q. There is about two knots difference between the trial and the ordinary sailing, is there not?

By Mr. Black (Halifax):

Q. You take about fourteen days going over?—A. Approximately, Mr. Black, yes.

Q. Taking 14 days, the distance being 2760 miles from Montreal to Liverpool what is the rate of speed? You would divide 2760 by fourteen; that would give you the rate of speed per day?—A. Yes.

Q. And you divide the total speed per day by 24?—A. Yes.

Q. That will give you something less than eight knots.—A. Sometimes, Mr. Black, we do it in as well as 12 days, you know.

Q. Very seldom, I guess.

Mr. DUFF: It would average about nine knots.

Mr. BLACK: I do not think they average that.

By Mr. Black:

I was going to ask, if I may, Mr. Chairman, about the Canadian Mariner, voyage 13. I see it earned homeward bound, that is Eastbound, \$28,700, and that on voyage No. 15 that vessel earned \$36,000. That I suppose can be accounted for by shortage of cargo.

The WITNESS: I cannot think of any other reason.

Q. There could not be that much difference in the rates; the rates have been the same all the season through, have they not?—A. It would be in the volume of cargo.

By the Chairman:

Q. Or the class of cargo?—A. The class of cargo is very much the same.

Mr. SYMINGTON, K.C.: The class of cargo is shown there, and it is very much the same.

The CHAIRMAN: But the cargo might not have been divided equally between the different classes.

[Mr. J. P. Doherty.]

It strikes me, gentlemen, that it is rather of importance that we should determine exactly what is the average of those boats which have been put forward as being typical boats running typical voyages. The logs of those boats would show that exactly.

Mr. SYMINGTON, K.C.: What is the difference between a mile and a knot, Mr. Doherty?

The CHAIRMAN: A knot is a mile and a ninth.

Mr. SYMINGTON, K.C.: It comes out then at 8.16 miles at 14 days.

Mr. MONTGOMERY, K.C.: And faster than that at 12 days, but not very much.

Mr. DUFF: It took 16 days coming back and 12 days going over, averaging perhaps 14.

The CHAIRMAN: So that on those voyages they would average a little over 8 knots?

Mr. SYMINGTON, K.C.: A little under, I think, Mr. Chairman.

By Mr. Halbert:

Q. You have the voyage 15 at 226.15?—A. Westbound cargoes are not ordinarily voluminous.

Mr. SYMINGTON, K.C.: It works out at 7.34 knots.

By Sir Henry Drayton:

Q. Mr. Doherty, have you been able to think of or work out anything which would make for economies or greater earnings, having regard to the traffic, the class of traffic available at Montreal?—A. Well, I think it is only natural to assume, Sir Henry, that we are doing everything we possibly can to get better results from the operations of these steamers.

Q. That is quite true. But have you been able to work out anything to better this condition; supposing you were to give us similar information as to voyages this year; could you do that?—A. Yes, that could be done.

Sir HENRY DRAYTON: That would be helpful, Mr. Chairman, to see if they could improve these conditions. Mr. Doherty says he is doing everything he can to improve them.

The CHAIRMAN: Better let us have 1924 too.

Mr. SYMINGTON, K.C.: We have nothing here earlier than July; there is one of July 15th.

Mr. MONTGOMERY, K.C.: There is no objection to 1925, up to the present time.

Sir HENRY DRAYTON: There is another thing you might help us with, Mr. Doherty. We know we are running the whole thing at a loss. Wouldn't it be well to charge up the loss to this traffic? That might show us what you would require to get per voyage in order to carry it, how much over the expense should be earned in order to let the country out, in connection with the boats actually engaged in this service.

Mr. BLACK: Plus the depreciation?

Sir HENRY DRAYTON: Yes.

By Sir Henry Drayton:

Q. Have you ever had to consider that before, Mr. Doherty?—A. Will you just state again what you would like to have?

Q. We have before us now large losses in the Mercantile Marine?—A. Yes.

Q. It is not fair to charge all those losses up, when we are just considering this traffic?—A. That is right.

[Mr. J. P. Doherty.]

Q. So that we can get an intelligent view of this situation, we ought to know just what surplus should be earned per voyage in order to carry the service without loss, having regard to the boats used in that service.

MR. DUFF: I do not think it is quite fair to take the boats of the Canadian Government Merchant Marine as a criterion for us to come to any decision later on as to whether they are charging too high or too low rates. I think under the circumstances it would be to the advantage of the Canadian Government Merchant Marine with the boats they had—I think they have done remarkably well, but the fact remains that they have not been used entirely for cattle, grain, or package cargo, consequently, while Mr. Doherty can give a statement showing great losses, it is not fair to use that evidence in coming to a decision later on.

SIR HENRY DRAYTON: Last year before the Committee we were told that they were good boats, that they compared favourably with other boats. They were boats equipped with 'tween decks and could be used for package freights. These are boats which compare very favourably with the Petersen boats, which are hollow boats, without the 'tween decks.

By Mr. Duff:

Q. Have these boats 'tween decks, Mr. Doherty?—A. Certainly. These particular four we are now discussing have 'tween decks.

SIR HENRY DRAYTON: I mean just having regard to these boats, which everybody admits are just as good as the ordinary run.

By Mr. Duff:

Q. Were they built in Halifax?—A. I don't think any one of these, except the *Mariner*, which might have been built in Halifax.

MR. BLACK: The two Halifax boats are larger and faster.

MR. DUFF: There is no doubt about that.

MR. RINFRET: How many are there of that class in the Merchant Marine?

SIR HENRY DRAYTON: Twenty-six from 8,000 up.

THE WITNESS: And two of 10,000.

HON. MR. STEVENS: Would it not meet Sir Henry's request very well if Mr. Doherty could prepare for us a similar statement to the one prepared by the Conference Liners, that is taking his voyages running on the North Atlantic trade for 1922 and 1923, and give us the voyages of all those ships, the same as these, including the same charges?

SIR HENRY DRAYTON: That would be quite satisfactory. I do not want any more than that, and I do not want any information the other lines are not giving.

MR. SYMINGTON, K.C.: We have, or the auditor has, all the voyage accounts for the year spoken of from the Canadian Government Merchant Marine, which I may say are much more complete and satisfactory than any we have, as far as information is concerned.

SIR HENRY DRAYTON: This is something I know the accountants of the company will have ready, at their hands.

THE CHAIRMAN: There is just this, Mr. Stevens. I think we have already in the hands of the auditor information which is a good deal more complete than the paper Mr. Doherty is now holding in his hand.

MR. MONTGOMERY, K.C.: While we are getting at that comparative basis, I was going to ask a question or two.

THE WITNESS: Wouldn't the individual voyage figures be better than taking them all?

[Mr. J. P. Doherty.]

Mr. SYMINGTON, K.C.: I should say so.

Sir HENRY DRAYTON: Give us those figures, Mr. Doherty; I do not want you to put them in now.

Mr. SYMINGTON, K.C.: We are prepared to put our figures in to the Committee at any time the others are prepared to put theirs in. The North Atlantic trade for the two years, Mr. Doherty brought them up and gave them to the auditor.

By Mr. Symington, K.C.:

Q. How many boats are in the North Atlantic trade, Mr. Doherty?—A. We have nine operating just now.

The CHAIRMAN: For the purpose of keeping the record in good shape, did I understand you, Sir Henry, to ask that we should produce in our records these characteristic voyage accounts which appear on page 40 and the following pages.

Sir HENRY DRAYTON: Those are not voyage accounts, those are voyage results.

The CHAIRMAN: A statement showing the results?

Sir HENRY DRAYTON: I do not think he should be asked to do anything more than is absolutely necessary.

Sir HENRY DRAYTON: There is the short rate as to which Mr. Doherty can give us some information, that is, to show the average surplus per voyage a boat should earn in order to carry itself.

Mr. BLACK: Take the *Canadian Leader*, voyage 8 and voyage 9; there is a difference of about \$6,000 in the home work, the Eastbound earnings, on those two voyages. Voyage 8 was \$26,000 and voyage 9 \$32,200.

The WITNESS: That meant a shortage, or a different kind of cargo; I have not the figures in my mind.

Mr. BLACK: The cargo seems to be about the same.

The CHAIRMAN: Now, Mr. Duff, I think if we have finished you have a few questions to ask the witness, and I would like if you would just question him along the lines you have in mind.

Mr. MONTGOMERY, K.C.: May I ask one question, Mr. Duff, before we leave that page, while he has the page open?

Mr. DUFF: Yes.

By Mr. Montgomery, K.C.:

Q. Do these summaries, where you have here the word "result" and the item of expense, include anything other than what you have said is the direct expense of the voyage?—A. The direct expense of the voyage only.

Q. That is, they include nothing for management?—A. Nothing for management.

Q. Nothing for overhead?—A. Nothing for overhead.

Q. And nothing for annual overhaul?—A. No, nothing.

Q. Items such as corps superintendents and staff.—A. Not included.

Q. Office rental?—A. Not included.

Q. Soliciting staff?—A. Not included.

Q. I think you told us there is no allowance for depreciation included in those expenses?—A. There is not.

By Mr. Duff:

Q. Mr. Doherty, as to those line ships you are using in the North Atlantic trade, were they built specially for the business?—A. I would not judge so, Mr.

[Mr. J. P. Doherty.]

Duff. I do not know that they were built altogether for the North Atlantic trade.

Q. So that you are at a disadvantage with the other lines which have built boats, and which lines have been in the trade for a great many years and knowing the trade, have built their boats purposely for that trade, you are at a great disadvantage as compared with them?—A. I would not like to say that.

Q. Perhaps you do not want to say that, and that is all right, but perhaps I can get it in another way. You carry cattle for instance on those ships? Is it not a fact that the expense of fitting up for the cattle you carry is very much greater than the other people have to pay to fit their ships?—A. If I knew the other people's expense, Mr. Duff, I think I could answer your question very readily, but I do not know what their costs are.

Q. Is it not a fact that you have to carry cattle in a different place than in the other ships, and you cannot carry full loads, you can only carry a few on your upper decks, under the bridge, on the bridge deck?—A. We are carrying cattle, as I think I said yesterday, in the forward and aft well decks and also in the bridge deck space. I do not really know whether any of the other lines are so carrying cattle or not. Perhaps some of them are.

Q. Certain ships are specially constructed to carry cattle are they not, and they arrange their deck space and their under deck space purposely to carry cattle, regulating the space accordingly?—A. I think perhaps you are right.

Q. When your ships were built, no such arrangements were made?—A. Not particularly, I think not.

Q. The same thing applies to grain. Your ships are at a great disadvantage in carrying grain because your deck space is not properly laid out?—A. I do not quite understand the point.

Q. My information is that in order to carry grain the deck must be laid out in a certain way so that you can handle the grain more cheaply.—A. Which deck do you refer to?

Q. I mean the upper deck where the hatches are.—A. Do you mean that our hatches are too small or too large?

Q. They may be either one or the other, or not in the proper place.—A. That is something I have never heard of before.

SIR HENRY DRAYTON: I think that came from the House. The boats are all right, and they load all right. The specifications are the same as the boats we are now considering from Petersen's.

MR. DUFF: What do you mean by the specifications?

SIR HENRY DRAYTON: The specifications for construction.

MR. DUFF: The specifications may be the same, but there is a way in which they lay out the ships to make it more economical to handle certain cargoes. When these ships were built, they were not built to carry grain, or for any particular purpose. They were built in a hurry and there was not much time to consider how the ships were constructed as far as the laying of them out was concerned.

SIR HENRY DRAYTON: I think you will find they were built to the regular type and standard and that they were well and strongly built.

MR. DUFF: Absolutely, I agree with you there.

SIR HENRY DRAYTON: And you will find that no liner ships in the North Atlantic were specially built for grain. These are practically exactly the same as the ships they compete with.

MR. DUFF: No, I think not.

[Mr. J. P. Doherty.]

By Mr. Johnston:

Q. Do you know that the hatches are properly spaced to go under the spouts of the elevator?—A. Yes sir.

Q. The proper distance apart?—A. Yes.

Sir HENRY DRAYTON: There is no doubt about that.

Hon. Mr. STEVENS: I think on this subject we ought to have the architect here, he can tell us very definitely about the construction and the plans and so forth.

Mr. DUFF: I am not objecting to the construction as far as the seagoing qualities are concerned, the vessels are well built. I am not trying to make a point to blame anyone. All I say is that these vessels were built in a hurry and not for a specific trade, like other builders build their ships. Consequently what I want to show is that the fact that the ships lose money should not affect our decision when we come to arrive at one.

Hon. Mr. STEVENS: Mr. Doherty does not agree with that.

Mr. DUFF: I do not blame him for that. He is an employee of the Canadian Government Marine, and does not want to commit himself.

The CHAIRMAN: May I make this suggestion, that while we have Mr. Doherty here as a witness, we should use him as a witness, rather than having a general discussion either with him or with different members of the Committee.

Mr. MONTGOMERY, K.C.: We both seem to want him to answer the last question, so let him answer it.

By Mr. Duff:

Q. How many of these nine ships have lined 'tween decks?—A. All the nine.

Q. They were put in since they were built?—A. No sir.

Q. Are you sure about that?—A. Positive.

Sir HENRY DRAYTON: I know he is right.

Mr. DUFF: I don't think so.

The CHAIRMAN: At any rate that is his evidence.

By Mr. Black:

Q. Can grain be loaded in these boats we have before us as cheaply as in any other steamer carrying grain out of the port of Montreal?—A. Yes sir.

By Mr. Duff:

Q. May I put this question. Mr. Doherty, in the investigation before the Special Agricultural Committee, on page 73—Mr. Campbell, a broker of Montreal, was on the witness stand, and in discussing these ships he said:—

“Q. What is the matter, Mr. Campbell?—A. These are not good cattle carriers; the chief reason is that the decks on these steamers are three feet high—as high as this table—with a deck of that height, cattle are carried on both sides, cattle are placed on top of one another and there is no place that you can brace the deck to because the deck fittings come over the side fittings and when a wave strikes it they smash, the cattle fall into the hold of the ship, or are knocked into the winches. In one boat we had a big loss, as there was a big storm and the whole upper deck load of cattle was washed overboard.”

What do you say to that?—A. I think the best answer I can give to that is that Mr. Campbell continues to ship in our steamers.

Q. He likely insures the cattle.—A. That may be. That is his privilege.

[Mr. J. P. Doherty.]

Mr. SYMINGTON, K.C.: I do not think that is an answer. Is that the condition of the ship.

By Mr. Duff:

Q. It is not an answer. Is that the condition of the ship?—A. Will you read it again please and I will answer it as you go.

Q. "These are not good cattle carriers. The chief reason is that the decks on these steamers are three feet high."—A. I don't know what that means, that the decks are three feet high.

Sir HENRY DRAYTON: No one else could know.

The CHAIRMAN: That must be a mistake in the notes.

Sir HENRY DRAYTON: Oh no; it is the evidence. The evidence is wrong, that is all.

By Mr. Duff:

Q. "With a deck of that height cattle are carried on both sides, cattle are placed on top of one another and there is no place that you can brace the deck to because the deck fittings come over the side fittings and when a wave strikes it they smash and the cattle fall into the hold of the ship or are knocked into the winches. In one boat we had a big loss, as there was a big storm and the whole deck load of cattle was washed overboard."—A. I might perhaps explain that when we experienced the loss to which Mr. Campbell refers we had more or less temporary fittings, but since that time we have put in the newer and more substantial fittings of which we spoke yesterday and I think perhaps our position is a little bit better than it was then.

Q. At great expense you could fix these ships to make them better?—A. The expense, as I said yesterday, amounted to \$7,000.

Q. That is rather high. Is it not a fact that the Department of Marine and Fisheries made a ruling that you were not to carry cattle, two or three years ago.—A. With these temporary fittings we were only allowed to carry cattle during the summer months, as I remember, from May until September; but with our present fittings we have carried cattle throughout the 12 months of the year.

Q. What do you say to this; Mr. Campbell says:

"I do not think that they were built like modern cargo vessels, all hatch. In other words, these vessels, built during the war, were built, as we say with 'two sides with a lid on it' that is most expressive of a war vessel. They are all hatch, and it leaves you very little space on the side to put in cattle. If they carry 140 cattle, one half the number, or one-third less than the number they are carrying there, and carried under on the hatch, then they could carry them."

A. From Mr. Campbell's remarks I would hardly say that he is an expert in the steamship business.

Q. That may be quite possible, but I think that there is no question about it, Mr. Doherty, that these ships were not built specially for the carrying of cattle.—A. They were not, sir, I will admit that at once.

Q. And they were not built for the carrying of grain; they were really bulk cargo ships, but you converted them in order to get something for them to do. For instance when they were launched, there was no specific trade that they were intended for?—A. So far as I know, they were built to carry cargoes from Canada. I do not know that the idea was perhaps to carry to the United Kingdom, although if we have in mind the shortage of tonnage at that time, perhaps that was one of the reasons.

Q. Isn't it a fact that these ships were built during the war to help out the situation when vessels were being sunk, they were not built for the Cana-

[Mr. J. P. Doherty.]

dian trade, now, were they?—A. If they were not built for the Canadian trade, I don't know for what trade they were built.

Q. No, that is it exactly; that is right; nor does anyone else

Sir HENRY DRAYTON: The answer is that they were built for the Canadian trade.

Mr. DUFF: They were not, Sir Henry, built for the Canadian trade, and Mr. Doherty has just said they were not.

The WITNESS: I don't remember saying that.

Sir HENRY DRAYTON: He did not say that.

Mr. DUFF: What did he say? If you are going to answer for Mr. Doherty, perhaps we had better put you in the witness box.

Sir HENRY DRAYTON: You would get some useful evidence.

By Mr. Duff:

Q. Do you say these were built for the Canadian trade, Mr. Doherty?—

A. Yes they were.

Q. You say that?—A. Yes.

Q. Which particular trade were they built for?—A. There is only one Canadian trade I know of. When you talk of Canadian trade you are referring to Canada.

Q. Were they built for carrying deals?—A. They have carried deals.

Q. But were they built for that?—A. They can carry deals with equal facility to other lines carrying deals from Canada.

Q. How is it then, when I tried to charter two ships to carry deals, a fortnight ago, in my business as a ship broker, the answer I got from Montreal was that they would not accept 70/- a standard, but they would charge them at 70/- a standard, and the shipper would have to pay the difference of what the freight would amount to in loss, about \$5,000.—A. May I ask the Chairman, are we going to discuss traffic matters of the Canadian Government Marine, or are we discussing the general question of the North Atlantic business.

Mr. DUFF: This is North Atlantic business.

The CHAIRMAN: We are trying to get light on a difficult subject and I think you may answer the question. What was the question, Mr. Duff?

Mr. DUFF: The witness said these ships were built to carry deals.

Sir HENRY DRAYTON: No, that is not fair to the witness. The witness's evidence is that they were built for general carrying purposes, but would carry deals as well as any other boat. He does not say they were built for carrying deals; he does not say they were built for carrying grain; on the other hand his evidence is that they were procured to look after the business offering; mixed business. They will carry grain he says, as well as any other boat will carry grain and they will carry deals as well as other boats will carry deals. On the general issue, Mr. Chairman, I think that the officials of the Canadian Merchant Marine are entitled to be treated just exactly the same as the officials of any other company, and that this should not be turned into an attack on the boats or on the practices of the Merchant Marine.

Mr. DUFF: I think I have been fair to the witness. It is not right for you to say that I am using him any different from any other witnesses.

Sir HENRY DRAYTON: He seems to think so.

Mr. DUFF: I don't care what he thinks, the Chairman is here to protect him. I certainly have a right to ask him questions and I am going to do it.

The CHAIRMAN: I do not think the intention of Mr. Duff was in any way to reflect on the management of the Canadian Government Merchant Marine, or the practice they were following. I think that was not his intention. It

is a little difficult to draw the line as to what questions should be asked in an investigation of this sort. I cannot see that it will hurt anyone and it may throw some light on this difficult problem. I have asked the witness to answer and I think he will answer.

Hon. Mr. STEVENS: Before he answers. I think Mr. Duff was illustrating a point, but on the other hand, if the witness answers this question Mr. Duff has asked, it opens up the whole field of discussing where differences may have occurred between the Government Merchant Marine officers and applicants for charters or for shipping space and so on. You may bring in any dispute if that is once opened. I think it is very inadvisable to do it.

The CHAIRMAN: If the members of the Committee will trust the Chair, I will endeavour to see that no abuse occurs.

Sir HENRY DRAYTON: I would point this one thing out to you, Mr. Chairman, that the rates charged for charter parties have essentially nothing whatever to do—although they may have indirectly, I admit, but directly they have nothing whatever to do—with the rates charged for ordinary cargo space. It is a different proposition. That is the reason, I apprehend, that Mr. Doherty is objecting to go into that.

The CHAIRMAN: As I apprehend the situation, the witness gave an answer concerning the usefulness or the adaptability of these ships to carry deals, and the question of Mr. Duff would be likely to bring out an answer which might modify the view just expressed by the witness. I do not think it went farther than that.

Hon. Mr. STEVENS: What is the question now?

Sir HENRY DRAYTON: I would have thought the witness would not charter one of these liner freighters for deals.

The CHAIRMAN: The witness is not only extremely frank, but extremely well able to express himself and we will allow him to answer this question. I will ask the reporter to read Mr. Duff's last question.

Mr. DUFF: Before he reads the question, Mr. Chairman, let me make myself quite clear. I thought I did it before. Before I started examining Mr. Doherty I made the statement that as far as the officials of the Canadian Government Merchant Marine were concerned, I thought they had done wonderfully well, under the circumstances, in view of the fact that these boats were placed in their hands, 63 boats, and I had no reflection, and did not intend to reflect at all on the management. That is not my point. In fact, I am trying to help Mr. Doherty and the officials out when I say that these boats were not built specially for this particular purpose, or the North Atlantic trade. So that I was trying to be fair.

The CHAIRMAN: I absolve you, Mr. Duff, from any idea of unfairness, and I am sure the witness will endeavour to answer the question without further delay or discussion. The reporter will read it.

(By direction of the Chairman, the shorthand reporter read the following questions and answers:)

Q. Were they built for carrying deals?—A. They have carried deals.

Q. But were they built for that?—A. They can carry deals with equal facility to other lines carrying deals from Canada.

Q. How is it then, when I tried to charter two ships to carry deals, a fortnight ago, in my business as a ship broker, the answer I got from Montreal was that they would not accept 70/- a standard, but they could charge them at 70/- a standard, and the shipper would have to pay the difference of what the freight would amount to in loss, about \$5,000.

The CHAIRMAN: Mr. Duff, now what have you to say to that?

[Mr. J. P. Doherty.]

By Mr. Duff:

Q. If these ships are suitable for carrying deals, why does your company ask the shipper to pay the loss over and above the regular charter rates?—A. You are talking now of full cargoes?

Q. Yes.—A. We have not at the present time any steamers that we can put into the full cargo trade, that is, steamers that are available. Our steamers are running on regular services, with the exception of a few of the smaller ones that are presently tied up and could not be operated across the Atlantic Ocean with a cargo of deals without showing a very heavy loss.

Q. You must have had the steamers, or your company would not have offered to take the charter at 70 shillings plus the difference between the freight and the actual operating expenses?—A. I have no knowledge of that situation.

Q. You say you have no boats particularly suited for carrying deals. Is it not a fact that boats as small as yours carry deals across the Atlantic, and make money, at 70 shillings?—A. That may be possible.

Q. And are carrying deals and are chartered every day?—A. That may be possible.

By the Chairman:

Q. Will you give your opinion to the committee concerning the suitability of your boats for carrying deals?—A. Our steamers, Mr. Chairman, can carry deals as they carry other cargo, but if you are talking of full cargoes there are very many considerations to view. Mr. Duff talks of small steamers, steamers as small as some that we have, going across the ocean with deal cargoes. Perhaps he has in mind Norwegian boats; perhaps he has in mind small steamers that have been operating on the Atlantic coast, perhaps between Cuba and the United States during the winter, and which may be anxious to get home, and they are very anxious to carry deals to take them to their home port. Our steamers have home ports in Canada, and if we send a small steamer with Mr. Duff's deals we have to bring her back.

By Mr. Duff:

Q. They are not my deals.—A. Any deals. We have to bring them back to Canada.

Q. You say these ships have a preference because they come in from Cuba on their way home. Would it not be cheaper to go from Cuba direct, instead of coming to Halifax or St. John and paying port charges?—A. They may carry a cargo of sugar to Halifax or St. John.

Q. Supposing they come light?—A. They would hardly come light.

Q. They have done it?—A. They may have done it, but you cannot make a case by taking odd steamers here and there. I am just giving you a general outline of the situation as I see it. Perhaps there are a lot of things I do not know about these full charter arrangements which you know.

Q. All I am trying to show, Mr. Doherty, is that the Canadian Government Merchant Marine boats should not be taken in this enquiry to prove that the other lines are not charging too much money to carry goods, and in order to show that I am trying to show that these boats were not built for the North Atlantic traffic, and consequently the fact that you lose money on your voyages should not have any effect at all on our arriving at a decision later on.

Sir HENRY DRAYTON: That is not a question; that is an argument.

Mr. BLACK (Halifax): May I make a remark? It is that the needs of Great Britain were very very great for the products of Canada, grain, provisions, lumber, everything that we are now sending and could then send. The tonnage of Great Britain was being sunk rapidly; it was decreasing very rapidly,

[Mr. J. P. Doherty.]

and Canada was called upon to supply tonnage to carry these very products from Canada to supply Britain and the Allies, so that these boats are equal to any, in my judgment, and I ask Mr. Doherty if that is not the case, that they are equal to any smaller class of boats of smaller specifications that are trading in the North Atlantic.

Mr. DUFF: Then you think the boats are all right?

Mr. BLACK (Halifax): As cargo boats, they are as good as the average cargo boat.

Hon. Mr. STEVENS: Mr. Chairman, I would like to ask two or three questions.

Mr. DUFF: I wonder if I may ask another question. Did the witness answer Mr. Black?

The WITNESS: What was Mr. Black's question?

By Mr. Black (Halifax):

Q. What I stated was——.

By the Chairman:

Q. You heard Mr. Black's appreciation of the quality and nature of the Canadian Government Merchant Marine?—A. Yes, sir.

Q. And he asked you whether you agreed with that?—A. Is Mr. Black talking of our trans-Atlantic steamers?

By Mr. Black (Halifax):

Q. I am talking of the boats you have in the Atlantic trade.—A. Quite so, sir; you are very correct.

Mr. DUFF: Mr. Black also said that these boats were built during the war to carry the products of Canada to Great Britain and other countries during that time.

Mr. BLACK (Halifax): The Allies, not other countries.

By Mr. Duff:

Q. Is that a fact?—A. Built during the war time?

Q. And built to carry goods for war purposes?—A. I do not think we had any of the steamers built for us prior to the close of the war.

Q. You had no steamers built prior to the close of the war, and consequently none of your steamers were engaged in carrying Canadian goods across the ocean for war purposes?—A. Not for actual war purposes. If they were not there they could not do that.

By Hon. Mr. Stevens:

Q. May I ask two or three questions? In the first place, you understand the north Atlantic shipping business?—A. To a degree. I would not like to match my knowledge with that of Colonel Gear, or some others who are specializing in the north Atlantic trade. I have many other irons in the fire.

Q. You understand the needs of that business?—A. I will do the best I can, Mr. Stevens, to answer any question you may have to ask.

Q. The cargo passing from Canada, Canadian ports, to Europe, and from European ports to Canada, is of what character, generally speaking?—A. As far as my own services are concerned—and I do not think I can talk with any degree of real certainty as to the performance of the others—I would tell you that our usual cargoes are very largely in accord with the figures that we have had to-day in this statement.

[Mr. J. P. Doherty.]

Q. Would you call them general cargoes?—A. Well, we would say grain and general cargoes.

Q. Grain and general cargoes?—A. That is, going to the eastward. Coming home, we have tin plates, certain iron and steel goods from the Bristol Channel—

The CHAIRMAN: A little louder, Mr. Doherty, please. Gentlemen, give the members who are sitting further back a chance to hear.

The WITNESS: We have tin plates and iron and steel goods from the Bristol Channel; from Antwerp we have certain iron and steel goods, glass, and general package cargo.

By Hon. Mr. Stevens:

Q. Then for the carriage of this cargo are the ships known as the 8,100-ton class ships of the Canadian Government Merchant Marine, in your opinion, suitable ships?—A. Absolutely suitable.

Q. Are they satisfactory from the standpoint of handling cargo?—A. Quite satisfactory.

Q. Loading?—A. Loading.

Q. And carriage at sea?—A. Quite.

Q. And with the special work in connection with the cattle accommodation, are they satisfactory for cattle, in carrying cattle on the upper deck?—A. What do you mean by, "special work"?

Q. The work you mentioned as costing \$7,000.—A. They have carried cattle over the last many months practically without loss.

Q. And satisfactorily?—A. Apparently, yes.

By Mr. Black (Halifax):

Q. In connection with Mr. Duff's remark just now, that the ships were not carrying Canadian cargo to the Allies, I would say this, that they were ordered and built, or being built, for that purpose. The war stopped and it was not necessary.

Mr. DUFF: That is so; that is quite right.

Mr. BLACK (Halifax): I want to make that point.

By Hon. Mr. McMurray:

Q. In connection with your evidence yesterday, Mr. Doherty, you said you had no trouble last year in getting full cargoes for your ships from Canada?—A. I did not say I had no trouble getting full cargoes.

Q. Did you get them?—A. Generally speaking, yes.

Q. Had you any special advantage over the other ships, in getting these cargoes?—A. I would not say so.

Q. So they would have the same opportunity of getting these cargoes as you had?—A. They would probably have better opportunities, those who had faster steamers than ours.

Q. Can you give us the amount that was required to clean out that ship and disinfect it?—A. I have put it in the record to-day.

By Mr. Duff:

Q. Mr. Doherty, in view of the fact, as you say, that these ships are as good or as suitable as any others for carrying cargo both to Great Britain and back to Canada, and in view of the fact that these ships have been losing a great deal of money, would you say that the freight rates should be raised?—A. That is a very broad question, Mr. Duff.

[Mr. J. P. Doherty.]

Q. Or in other words, your rates are not high enough to make it pay?—A. I think if I had more general cargo for my services, perhaps our condition would be better.

Q. If you had more general cargo?—A. Yes.

Q. What proportion of your cargo space is taken up, on an average, west-bound or eastbound or both?—A. I just said to Mr. Jelliff, I think, that last year full cargoes were the rule, although there were some exceptions. I cannot tell you whether it was 75 per cent or 85 per cent or anything like that, because I have not those figures in my mind. I am talking about eastward, of course.

Q. If full cargoes were the rule, then there is only one conclusion we can come to, that your freight rates are not high enough. Is that right?—A. Not necessarily.

Q. What do you think, then?—A. I am telling you that if we had a larger proportion of general cargo, our position would be better. The general cargo, by that I mean a better paying class of freight instead of the large volume of grain that we have been carrying in our steamers and which does not give us, naturally, the same possibilities for net revenue.

Q. But do you think it is good business to keep these ships going back and forth across the Atlantic if you are losing money on them?—A. That is something you will have to ask the management. I am not in a position to answer.

Mr. RINFRET: I think you should tell the Minister that.

The CHAIRMAN: I can well understand Mr. Doherty's disinclination to answer that question.

By Hon. Mr. Stevens:

Q. Mr. Doherty, if you had full cargoes westward or as full cargoes westward as you have eastward, would that materially affect your earnings and your rates?—A. I am sure it would, Mr. Stevens.

Q. During 1923 or 1924, did your line or any of the lines give rebates to get cargoes?—A. We did not give rebates, Mr. Stevens.

By Mr. Kennedy (Glengarry):

Q. Mr. Doherty, have you had any experience in operating boats other than the Merchant Marine?—A. Not in operating.

Q. Or in managing?—A. Or in managing; I have had other steamship experience.

Q. Can you tell the Committee whether or not the operating expenses of the boats you are now handling compare favourably or unfavourably with those of other boats?—A. No, I am afraid I cannot answer that question, because that is something insofar as my present position is concerned, with which I do not altogether deal. That is a question for the management; these are things they take care of.

Q. Can you tell whether or not their cost of upkeep and repairs is greater?—A. That question is along the same line, and I am sure I cannot answer it.

By Mr. Halbert:

Q. You said you carried a return cargo from Antwerp. Is there any discrimination between Great Britain to Canadian ports and between Antwerp and the Canadian ports, or how do the rates compare?—A. As far as our own services are concerned, there is no comparison between the cargo we are bringing back from Antwerp and the cargo we are bringing back from the United Kingdom. As I explained a few minutes ago, the steamers bringing cargoes back from Bristol Channel ports, that is, Cardiff and Swansea, consist almost entirely of tinplates, and black plates. We have no such cargo from Antwerp.

[Mr. J. P. Doherty.]

Q. Do you get in your cargoes from Antwerp any British manufactured goods?—A. No, sir, we do not.

By Hon. Mr. Sinclair:

Q. Reverting to your reference to general cargo; do you include in your general cargo such articles as dairy produce and meats?—A. Yes, I do.

Q. What provision have you for cold storage?—A. In three of the steamers which we are discussing, we have accommodation for approximately 10,500 cubic feet.

Q. In each steamer?—A. In each steamer, yes.

Q. Do you have them fairly well filled?—A. At times.

Q. Eastbound?—A. At times we are able to fill it; more often not. In the summer months out of Montreal, we do reasonably well; in the winter months from St. John we get practically nothing, and the run of refrigerator traffic for our steamers during the summer months is not constant.

Q. Do you find it a profitable cargo with the amount that you get? Take it by seasons; is your refrigerator space profitable space?—A. It is very hard for me to segregate the refrigerator cargo from the other cargo.

Q. Now, you spoke of "general cargo." To what other cargo do you refer?—A. All cargo other than grain is what I term "general cargo."

Mr. Kennedy (Glengarry):

Q. What do you carry in your refrigerator space?—A. Meats and butter.

Q. Are you required to carry meats in your refrigerator space?—A. Are we required to?

Q. Yes?—A. We are sometimes asked to.

Q. And is that your 50-cent rate?—A. No, the 50-cent rate is for ordinary stowage.

Q. Do most of the meats and provisions go ordinary stowage?—A. Very largely, yes.

By Hon. Mr. Sinclair:

Q. Does that apply to all seasons of the year?—A. All seasons of the year.

Q. Perhaps, in the winter season, from the Maritime ports, you would not be required to use so much cold storage on account of the cold season?

—A. There are certain classes of cargo that will go in refrigerated space at any time in the year.

Q. What are those?—A. Your point with regard to the colder weather might have some bearing, perhaps, upon the shipment of mild cured bacon. In the winter season it probably could be taken care of to the satisfaction of the shipper in ordinary stowage, whereas in the summer time they find it desirable to have it in what they call "Cooled-air space."

Q. The large proportion of the meats are what you call Wiltshire sides?—A. I do not know whether they are Wiltshire or not; we call them bacon, and they are billed as bacon. Whether they are Wiltshire or not, I do not know.

By Mr. Kennedy (Glengarry):

Q. Is it true that the great bulk of your refrigerator cargo is butter?—A. To be really truthful, we do not get any "great bulk."

Q. But the great proportion of it?—A. In proportion to the whole—from my memory of last year's operations—perhaps 20 per cent or 25 per cent may have been butter. I say that offhandedly, to give you an idea of our own arrangement.

Q. And 75 per cent would be meats?—A. Yes.

Q. In your cold storage space?—A. Yes.

Q. And your complaint is that the supplies requiring cold storage space are not constant?—A. They have not been constant with us.

Q. Your rate on butter is \$1.50 per hundred?—A. \$1.50 per hundred pounds, yes.

Q. There was evidence given the other day that the rate to New Zealand was practically the same—\$1.50 per hundred?

The CHAIRMAN: Mr. Marlow told us that.

Mr. SYMINGTON, K.C.: It is the same.

By Mr. Kennedy (Glengarry):

Q. I was wondering if you gave a lower rate on butter if it would increase your supply?—A. That is something I cannot answer. I do not know the butter trade well enough for that.

Q. In comparison with New Zealand, would it not be reasonable to suppose a lower rate could be given in Canada?—A. It is pretty hard to suppose anything in the steamship business. As a matter of fact, I should not say "pretty hard", but I do not think it would be desirable to work on suppositions.

By Mr. Halbert:

Q. As a rule, do you have this cold storage space fully occupied?—A. Not always.

The CHAIRMAN: Any further questions to ask Mr. Doherty?

By Mr. McKay:

Q. Could you tell us on what commodities you suffer a loss?—A. No, sir, I cannot.

Mr. McKAY: How is it there is a range from 1920 down to 1924? You have a reduction in loss all along the line on these boats. I see, looking at the list of charges, that you are constantly reducing the rates. There are certain rates in 1924; there is a reduction there—and one of the witnesses told us he made money in 1919, so they must have made a great deal more in 1920—then we had a reduction in 1921. In fact, taking all the items in that column (indicating), 33 in number, and 24 in number on page No. 2, 57 in all, there was a reduction made on 57 articles. If you are losing money, why the reduction?

The WITNESS: As far as the Canadian Government Merchant Marine is concerned, we had to reduce our rates if the rates were reduced by the other lines.

Mr. McKAY: You go plunging into that year after year, because the other lines reduce? I see on every commodity we have here, there is a reduction, without one single exception; a slight increase in 1922, a still greater increase, but not fundamental, in 1924. I cannot understand that. We are told by one of the witnesses that the line he spoke of made money in 1919; he was not asked about 1920, but he must have made a great amount of money in 1920, to make such a reduction in 1921. I cannot understand that.

By Hon. Mr. Stevens:

Q. Mr. Doherty, in connection with the fixing of rates, or the making of rates; Is it feasible in ocean traffic to take into consideration the fixing of the rate on commodities according to weight, and according to the distance of the

[Mr. J. P. Doherty.]

mileage haul as between ports? For instance—my question may not have been clear, so let me put it this way—assuming your rate on grain to be a given sum, and your rate on butter ten times higher, is it reasonable or possible to fix a rate on the question of weight, irrespective of the nature of the cargo?—A. Well, I think such an arrangement might be possible, if you could get a uniform rate on all commodities. I mean, it would simplify, I think, the possibilities to find balanced cargo. For instance, if grain would be on the same rate as butter, it would work out splendidly—

Mr. SYMINGTON, K.C.: Excepting you would not have any grain.

The WITNESS: Unfortunately there is such a wide difference in the rates on different commodities.

By Hon. Mr. Stevens:

Q. What is the rate on butter?—A. \$1.50.

Q. And on grain?—A. It fluctuates, as you know.

By Mr. Black (Halifax):

Q. Quoted by the ton; \$30 per ton for butter; how much per ton for grain at the present time—60 pounds to the bushel?—A. We will say \$3.00, if you are only making a comparison.

By Hon. Mr. Stevens:

Q. Take grain at \$3, and butter at \$30: What would be the effect upon you, as a shipping man getting cargo, if there was an equalization of these two rates? Would you carry any grain at all?—A. Not if we could fill the ship with butter.

Q. Would you get any grain to carry at that rate?—A. No, certainly not, Mr. Stevens.

Q. In other words, it is not a practical thing at all?—A. No; I cannot quite see that it would be possible to work out an arrangement such as I understand you are suggesting.

Q. Let me put it this way. In fixing the freight rates on the ocean, you must take into calculation the nature of the goods being carried?—A. Quite so.

Q. And what other considerations?—A. Well, there is the question of space occupied; the matter of expenses incident to the operation of steamers in that particular trade; the length of time they require to sail; the length of time they may be required in port to load and discharge; the costs of loading and discharging; the costs of bunker coal—I could go on, perhaps, with some more, but those are the first ones which come to my mind.

Q. Do you take into consideration market conditions?—A. Insofar as the steamer is concerned?

Q. Yes?—A. What do you mean by "market conditions?"

Q. In fixing the rate on grain, for instance?

The CHAIRMAN: Do you mean the market for tonnage, or the market for the commodity carried?

Hon. Mr. STEVENS: For the commodity carried.

The WITNESS: In the grain situation, it is absolutely necessary for us to do that.

By Mr. Halbert:

Q. But not in the butter trade?—A. Mr. Stevens was speaking of grain. Marketing conditions, insofar as grain is concerned, are widely separated and different from marketing conditions that might affect butter.

[Mr. J. P. Doherty.]

By Mr. Symington, K.C.:

Q. Will you tell us what you mean by "marketing conditions," because that expression has been used before?—A. The term was used as part of the question directed to me by Mr. Stevens. As I would understand marketing conditions, they are the conditions of buying, selling, marketing and so on. I cannot think of anything else.

Q. Do you mean that you take into consideration the price of wheat at Liverpool in deciding what your rate will be, or the demand for the space in Montreal?—A. As far as grain is concerned, it is naturally the demand.

Q. Not the marketing conditions of wheat in Liverpool?—A. I do not know whether it is, but naturally the marketing conditions at Liverpool would be more or less reflected in the supply of grain available at Montreal, for instance, Mr. Symington.

By Hon. Mr. Stevens:

Q. On the question of distance, in fixing of rates let me take Mr. Preston's statement in here, regarding a criticism of yours and others in carrying cargo from Montreal to Liverpool as against South Africa. What is your explanation of that? One is 6,000 miles and the other is 3,000 miles. There is a specific case mentioned here; I think it is on pianos or musical instruments; the rate to South Africa is less than to Great Britain. Can you explain that although the distance is twice as much?—A. I have never had anything to do with the African trade, Mr. Stevens.

Q. Can you explain in a general way why there would be that difference?—A. I do not know that I can, not having full details of the two services for comparison.

By Mr. Halbert:

Q. In figuring your rates do you figure in distances?—A. In so far as our operating costs are concerned, we must.

Q. In your opinion could you carry from say, Vancouver to the Old Country butter as cheaply as from Montreal?—A. It would depend, very largely, on what other cargo we were getting to make up our volume. I mean to say what other traffic we were getting to make up our cargo.

By Mr. Rinfret:

Q. How many ships did you say you had engaged in the North Atlantic Tract?—A. Nine.

Q. I understand their main business is cattle carrying?—A. No, sir.

Q. How large a proportion?—A. I told you yesterday we have four steamers, one of which sails every two weeks, and each steamer accommodates 223 fat cattle.

Q. Sir Henry Thornton appeared before the Committee last year and I think, he endorsed that statement, that by carrying cattle you are losing an average of \$1,415 per trip because that space could be occupied by a more remunerative cargo?—A. Those were the figures we submitted as comparisons.

Q. Do you think any private company would accept a cargo on some charitable or public basis rather than go after remunerative traffic?—A. I cannot say for a certainty but if I can judge from conversations that I have heard I think perhaps some of the other lines are doing the same thing.

Q. You mean to say even though they could use that space for something remunerative?—A. Yes.

Q. They are doing that?—A. I say, if I can judge correctly. I cannot say definitely that they are but some of the other steamship representatives that are here I think could answer the question definitely.

[Mr. J. P. Doherty.]

Q. I cannot believe that if they had just a limited space they would carry on their business on that charitable basis.—A. Of course there are so many exporters—I should say exporters of different classes of merchandise in Canada—there are also exporters of cattle, who expect some consideration, and I think—I know as far as we are concerned we try to be considerate with everybody and I think perhaps the other lines you refer to would be glad to assist in any way they can in furthering the general interests of the Canadian exporter.

Q. There may be a good reason for a Government owned concern to do that but my point is that that is not quite typical of a privately owned shipping line, where people may be called upon to perform some kind of public service to the shippers?—A. I would not say that I would be prepared to go that far. We are not operating our steamers without getting the rates that are being paid to the other lines. I mean our rates have been the same and our shippers are paying us identically as they are paying the other lines for carrying their cargo.

Q. You might be influenced by some public spirit outside of your strictly business interest?—A. What do you mean by public spirit?

Q. If you refused the cattle it might create a commotion in those parts of the country where they wanted to ship?—A. I am sure it would.

Q. And I do not suppose a private company would have to consider that side of the question at all.—A. That is something you will have to ask them. I cannot answer for them.

Q. We cannot have two witnesses at the same time in the witness box.—A. That is quite true.

Q. We are asking for your own views.—A. I have answered your questions as far as I can up to now.

Q. If you were desirous of favouring a certain part of the community you would accept a certain class of goods that would not be as remunerative as another class.—A. I would not say that I would. You said, as I remember, some commotion might arise. I said that would be quite possible, or something of that kind.

Q. We have the statement here that by carrying cattle you are losing money and that you could carry something else?—A. Yes.

Q. My question is, why do you carry cattle?—A. For the same reason that the other lines carry cattle.

Q. Why do they?—A. You will have to ask them.

Q. I am asking you now. I will ask them later.—A. I cannot answer for the other lines.

Q. Either this calculation is not right because you are not losing any traffic or otherwise you are taking a lower class of traffic to accommodate someone.—A. We are. I told you that, or at least I wanted to tell you that a minute ago.

Q. Then carrying cattle is really for public service?—A. There is no doubt about that.

Sir HENRY DRAYTON: Last year the service was going to work into the question of seeing what reduction could be made for the chilled carcasses. You came to the conclusion, you remember, Mr. Doherty, you could not cut the live cattle rate. It developed that you shipped five carcasses in the same space as one live beast. Perhaps you could let us have that.

By Mr. Duff:

Q. You stated a moment ago that you thought perhaps the other shippers were doing the same as you were with regard to carrying cattle. It was not always a paying business.—A. I beg your pardon?

Q. You stated you thought the other shippers were doing the same as you were with regard to carrying cattle. It was not always a paying business.—A. The other shipowners?

[Mr. J. P. Doherty.]

Q. The other shipowners?—A. I said it was possible, yes.

Q. Now, you told us yesterday that you were carrying cattle after paying the actual expenses for handling at \$2.52 a head?—A. Yes.

Q. That does not include the operating expense of the ship at all?—A. No. That is the net, after deducting the expense involved in the actual carriage of the cattle.

Q. Would you say the other shipowners are carrying cattle for \$2.52 a head?—A. I could not tell you.

Mr. SYMINGTON, K.C.: Colonel Gear's figures are \$4 under Mr. Doherty's, for cost of carrying cattle. Mr. Doherty's figures are \$17.48.

Mr. MONTGOMERY, K.C.: The explanation is given that some of these boats are fitted for cattle; they have developed cattle rates; they have not wanted to drop the business and you will note that not many new lines have been developed and not many boats constructed for cattle in recent years.

Mr. DUFF: Mr. Doherty said they were getting \$2.52 net. I was wondering whether the other boats were getting the same thing.

Mr. MONTGOMERY, K.C.: My instructions are that they are making a loss but I have not the figures.

Mr. SYMINGTON, K.C.: Mr. Doherty says he could carry cattle on their boats as well as on any other boats.

By Mr. Duff:

Q. I am not through yet. Getting back to the deal business for a moment, suppose you carried full cargoes of deals on the boats, would it be a paying proposition at the present rates?—A. No, sir.

Q. Do you know the Conference rates on apples from Halifax to Great Britain?—A. Yes, I do.

Q. What are they?—A. 90 cents a barrel.

Q. What does the Canadian Merchant Marine charge?—A. 90 cents a barrel with the others; we have carried at that rate in the past few months.

Q. The same as Conference rates?—A. Yes.

By Mr. Shaw:

Q. Mr. Doherty, can you handle more business eastbound with your service?—A. Can we handle more eastbound traffic.

Q. Yes.—A. We can handle more eastbound traffic at times, when our ships have gone out with vacant space.

Q. If you handled more eastbound traffic I suppose your deficit would be to that extent decreased?—A. The more cargo we carry, naturally the greater is the earning power of the ship.

Q. I understand from you, you have good ships?—A. They are relatively good ships.

Q. And that your boats are satisfactory for the North Atlantic service?—A. Yes.

Q. You are charging the same rates as the Conference charges, are you not?—A. We are.

Q. Then it must be a question, if your boats are satisfactory, if your rates are the same as those charged by the Conference, it must be a question of getting business. Is that the situation—A. When you say getting business I do not know whether you mean getting volume or getting quality. If you refer to volume I think we are doing quite well. If you refer to quality I will tell you that the faster steamers—as a matter of fact, I think I have said that in my evidence already—the faster steamers will naturally draw the better paying cargo, cargo that we will not get against that.

[Mr. J. P. Doherty.]

Q. Then the situation would be that your boats are not suitable for the variety of cargo that pays best?—A. I would say that they are suitable.

Q. They are not the most suitable for the North Atlantic service?—A. They are not so suitable to the shippers as the faster steamers.

Q. Is that the only reason that the boats are running at a loss?—A. No. I would not say that altogether.

Q. What are the reasons?—A. I would answer your question this way, and perhaps this is what you want: If we had a greater volume of general cargo in comparison to the whole of the cargo that we are carrying our earnings would be better.

Q. Why not get that business?—A. I am telling you that we cannot draw it for our steamers, taking 12 to 14 days for the passage, against the steamers that are making the passage in eight or nine or even eleven days.

Mr. DUFF: They are not suitable. That is the answer.

By Mr. Shaw:

Q. You cannot possibly overcome that handicap?—A. No, we cannot, not with these steamers.

Q. Do I understand then that there is very little hope of ever running the boats at a profit?—A. Well, Mr. Shaw, in the steamship business we are always hopeful. We are always hopeful, as I say, and it might be interesting to you to know that there are some steamers running out of the St. Lawrence to-day that are just as slow as ours are, in comparison.

By Mr. Rinfret:

Q. And which cost as much?—A. I do not know what their building cost would be, Mr. Rinfret.

By Mr. Shaw:

Q. Will these boats you are speaking about now lose to the same extent as the Canadian Government Merchant Marine boats are losing?—A. I haven't their figures, Mr. Shaw.

Q. I want to find out, if we can, exactly the reason they are losing money?—A. I am trying to answer the question just as frankly and truly as I can.

Mr. SHAW: I quite believe that, Mr. Doherty.

By the Chairman:

Q. It is quite plain, is it not, that good though your boats may be and well founded, and, let us hope and believe, well managed, they are not quite fast enough to attract the business that pays best?—A. They are not fast enough when there are faster, sir.

Mr. DUFF: In other words, not suitable to the trade.

The CHAIRMAN: Now, Mr. Sinclair, I understand you have one or two questions to ask.

Mr. MONTGOMERY, K.C.: That seems to bear out the resolutions of some of the provision people in Montreal.

The CHAIRMAN: Now, Mr. Sinclair, will you speak up so that we will all be able to hear you.

By Hon. Mr. Sinclair:

Q. What I was going to ask was with reference to the table found on page 1 of the Report of the Committee on Railways and Shipping, where Sir Henry Thornton gave the voyages completed during the year, at the bottom of the page. Do you see that, Mr. Doherty?—A. Yes.

[Mr. J. P. Doherty.]

Q. Can you tell us how many boats and the sizes and the speed of those boats that were engaged on those different routes that are mentioned; I might ask before that, I suppose that statement will be applicable to 1924 business?—

A. This statement here? No, I think that was for 1923, Mr. Sinclair.

Q. But would it be fairly representative of your 1924 business?—A. Well, we have made some changes, so that I would not want to mislead you by saying that it would be practically the same, but if you want the information I will be able to get it for you definitely. What you have in mind is, the number of steamers used in each trade?

Q. For 1924?—A. All right, for 1924, the number of vessels used in each trade.

Q. On these routes?—A. Let me see if I cannot give it to you now. First we will say nine on the Transatlantic.

By the Chairman:

Q. That is, the United Kingdom and the Continent?—A. The United Kingdom and Continent, nine; we will say six to Australia and New Zealand, and we will say six in the West Indies trade.

Q. Divided into freight and passenger business?—A. I will be glad to divide them; four freight and two passenger to the West Indies, one steamer to Newfoundland, and six steamers in the Intercoastal Oriental service.

By Hon. Mr. Sinclair:

Q. Is that the Orient?—A. To Japan and China. Intercoastal and Oriental service, six steamers. That was a joint service. From Vancouver to Australia and New Zealand I think we had four, and we had four operating in the Pacific Coastal service, that is between British Columbia and California.

Q. The second item you gave there, six steamers, was that India or the West Indies?—A. That was the West Indies, four in the freight service. As a matter of fact we had five in that freight service at one time, but the number was subsequently reduced to four. We make changes from time to time, Mr. Sinclair, so that this will be fairly correct I think.

By the Chairman:

Q. That is for 1924?—A. For 1924.

By Hon. Mr. Sinclair:

Q. Now, Mr. Doherty is each one of these routes performing a profitable service?—A. Some are.

Q. From the company's standpoint, I mean?—A. Some are.

Q. Which are?—A. I have not the figures in my mind now, Mr. Sinclair.

The CHAIRMAN: Can you tell us which are profitable and which are less profitable?

Sir HENRY DRAYTON: We had that last year.

The WITNESS: This is for last year, Sir Henry.

Hon. Mr. SINCLAIR: Perhaps he could prepare a statement later on and submit it to the Committee.

The WITNESS: If you will let it rest with me along these lines, I will see what can be done.

By Hon. Mr. Sinclair:

Q. In preparing the statement, you might show which routes are profitable, which routes are showing a profit and which are not, and whether in

[Mr. J. P. Doherty.]

your opinion the trade would suffer if the boats were withdrawn from those routes?—A. From any of the routes, you mean?

Q. Yes, from any of the routes?—A. If the trade would suffer, you say?

The CHAIRMAN: From a public standpoint.

By Hon. Mr. Sinclair:

Q. If other boats are serving there?—A. I will do my best to get that for you, Mr. Sinclair.

The CHAIRMAN: Are there any other questions by any of the members of the Committee; if not, we will go on.

Mr. BLACK: May I ask a question or two, Mr. Chairman?

The CHAIRMAN: Certainly, Mr. Black.

By Mr. Black:

Q. How many trips to the St. Lawrence does each ship make; take the Commander as an example; how many trips would that make?—A. I would judge 15 trips, if the season is 30 weeks.

Q. Fifteen trips for one boat?—A. For one steamer?

Q. Yes?—A. It is every eight weeks for one steamer, so that with thirty weeks it would be probably three and a half trips.

Mr. SYMINGTON, K.C.: Seven trips, would it not?

Sir HENRY DRAYTON: Three and a half round trips.

By Mr. Duff:

Q. Mr. Doherty, Mr. Sinclair was asking you of the different routes, not only the North Atlantic but the other routes. By putting these boats on these different routes, you have built up a shipping trade, that is, shippers are taking your boats to send goods to and from British Columbia and the Orient; shippers are using your boats in the carrying of that traffic, and they are making regular passages?—A. Yes.

Q. Would you think it advisable to take all those boats off those routes and put them on the North Atlantic route?—A. That would be quite inadvisable.

By Sir Eugene Fiset:

Q. Are they suited for that trade, except the nine of the North Atlantic?—A. Some would be suited.

Q. How many?—A. We have, as I remember it, twenty-six of what we call the 8,000 ton type, and they would be quite suitable.

Q. Are they of the same class?—A. Quite the same class of steamer.

By Mr. Duff:

Q. You would not think it advisable to take them off their present routes and put them on the North Atlantic?—A. I would not think so.

By Mr. Montgomery, K.C.:

Q. Mr. Doherty, you have told us several times this afternoon that you quote the same rates as are quoted by the Conference. That is correct, is it not?—A. That is correct.

Q. From your experience in the handling of ocean traffic, and your acquaintance with your customers, is it necessary that there should be both parity and stability in rates?—A. I should say it is a great advantage to have stability of rates.

Q. Are you sufficiently in touch with the general shippers to be able to express an opinion as to their attitude?—A. We have heard so many expressions lately, Mr. Montgomery, but I may say that some are and some are not; many have complained of freight rates, and their complaints have been coupled with the Conference.

Q. I suppose complaints about freight rates have always existed and always will exist?—A. I would judge that you are quite right.

Q. Both on railways as well as ocean service, Railway Commissions to the contrary?—A. Of railway business I do not know so much.

Q. On this question of the point of view of the shippers, Mr. Doherty, you have told us you have not attended Conference meetings since the end of January or the beginning of February of this year?—A. Yes.

Q. Prior to that time, I would infer that you were associated with the Conference?—A. Yes, sir.

Q. What is your experience in regard to that, as to the attitude of the Conference and the Committees towards shippers, as to their willingness or unwillingness to meet and deal with shippers as to rates?—A. Well, I don't know of any instance in my own experience where the Lines were not prepared to give very close study to any applications that might have been made for rate changes.

Q. I would like to draw your attention to page 31 of the Minutes of the proceedings and evidence before the Committee on National Railways and shipping, your evidence, at the top of that page, when Sir Henry Thornton was being questioned as to the Atlantic Transport Line, which carried cattle out of New York. This question was asked:—

“Q. They are not carrying any Westbound traffic, are they?”
and you replied:—

“Mr. DOHERTY: They get a better run of general cargo than we do in Canada, on account of the larger market in the United States. The Lines operating into New York, as a rule, will find larger Westbound cargoes.

“Mr. HARRIS: Do they actually find a Westbound cargo?

“Mr. DOHERTY: Yes. You understand, a cattle steamer carries a very large proportion of grain and general cargo, because cattle are only carried on the top deck, and in some instances in two decks, but the holds are utilized wholly for the carrying of general cargo.”

I suppose that answer is as true to-day as it was then?—A. I do not know that there is any change in conditions, Mr. Montgomery.

Q. Is that the case with cattle boats, or does that apply to cargo boats generally?—A. I don't think it would apply to any particular class of boats; any boats coming Westward would be included under that heading.

Q. And are they in a better situation when coming to American ports than to ours?—A. That is my understanding.

By Mr. Symington, K.C.:

Q. To-day?—A. I don't know of any change.

By Mr. Montgomery, K.C.:

Q. That being so, which port would have the advantage as regards ability to quote a cheaper rate, the Canadian or the United States ports? The American ports, or the United States ports, or the Canadian?—A. You mean a cheaper Eastbound rate?

Q. You have told us that eastbound rate is largely affected by the westbound earnings?—A. Yes.

[Mr. J. P. Doherty.]

Q. And that the westbound earnings to the United States ports should be somewhat better than the westbound earnings to the Canadian ports?—A. Quite right.

Q. While we are on that subject, what about the outward cargo, what would you say as to the respective advantages of the United States ports and our own as regards outward cargo, the size of the cargoes and so on, or is it any different from theirs, west from eastbound?—A. Well, with the greater number of services operating out of most of the American, ports, perhaps I should not say most—take New York as an example, if you will allow me to do that; with the greater number of services operating out of New York, I would judge the volume of their traffic would be heavier than ours.

Q. And that as a rule should bring down the cost somewhat?—A. If you are talking generally of costs. It might perhaps be a little confusing, inasmuch as we have been talking about individual voyages, at least I have been, to-day.

Q. Then we will take individual voyages. Let me put the question in this way: given the factors you have indicated on page 31 of your evidence, to which I have just drawn your attention, and any other consideration such as would apply to the eastbound movement, which country would be most likely to gain an advantage from the maintenance of a parity of rates between the two, and taking into consideration both the shippers and the shipowners and ports? That may be a little long and involved but perhaps you can follow it?—A. It is a bit involved, Mr. Montgomery. If I can answer it piecemeal perhaps it would be better.

Q. From our Canadian point of view, we have our shippers?—A. Yes.

Q. We also have our own St. Lawrence trade and Halifax and St. John trade?—A. Yes.

Q. And our ports?—A. Yes.

Q. I suppose there would be no dispute that it is desirable that each should be maintained and developed?—A. Each port?

Q. Each port and each class; the shippers, and the shipowners, and the ports.—A. I think that is our one desire.

Q. Then having in mind the factors which you say should ordinarily enable the United States Ports to quote cheaper eastbound rates, which country would be apt to get the advantage from any Conference, or any other arrangement, which would maintain a parity of rates as between the two?—A. Did I say the lines operating from the United States could quote lower rates?

Q. What I asked you first was: I drew your attention to your answer on page 31, that their westbound traffic was somewhat better, that they got a better run of general cargo.—A. That is quite right.

Q. And I think we then agreed that that condition should affect, and would affect the round voyage?—A. In the gross revenue, yes, quite right.

Q. And I think you have already told us that if we had more westbound traffic, that it might possibly—and would certainly, I might say—have an effect upon the eastbound rate situation.—A. Well when you say it must or would, I cannot quite agree; but I will say to you—and I think I have said this earlier in the afternoon—that if the cargoes to the west were greater, there would be more possibility of the steamship lines being in a position to give better rates to the eastward.

Q. That is as far as it is necessary for my purpose.—A. That is what I had in mind and I just wanted to make it clear.

Q. Then if that situation exists in the United States to a greater degree than it does in Canada, that possibility which you have indicated should in the same way exist to a greater degree in favour of the United States.—A. What you have in mind is, that their position to-day is better than ours?

[Mr. J. P. Doherty.]

Q. It should be, as regards the possibility of their quoting lower rates than we could, economically.—A. Well, you know, Mr. Montgomery, it is so hard to talk about economics unless you are in a position to give full consideration to the type of steamer, to the class of steamer and type of service which is being given. I mean, we cannot talk in general terms.

Q. Then let me put the question directly to you. You know, do you not, that the New York Conference does maintain a parity of rates between North Atlantic ports in the United States and our own North Atlantic ports.—A. You mean that the rates from Canada and the rates from New York are the same?

Q. That is the result of the North Atlantic Conference arrangement?—A. That is quite so in the meantime.

Q. Now, does Canada lose or gain by such an arrangement, in your opinion?—A. You are talking of Canada from the point of view of shippers and of our ports and that kind of thing?

Q. Yes.—A. It seems to me that the Canadian situation is being taken care of, inasmuch as the rates which are available for Canadian shippers are no higher than the rates which are being quoted for similar commodities from American ports.

Q. Well, do you see any disadvantages to Canada from the results of the Conference arrangement?—A. Any disadvantages? From the point of view of a steamship man, I would say No.

Q. Now let us follow it on then, from the point of view of the shipper. You have told us that the average shipper does want a certain amount of stability in rates.—A. I do not think there is any question about that. You will find they will all admit it.

Q. Do you agree that the traffic has, to a large extent, a common origin which is not separated by the boundary between the two countries?—A. Well, the cargo we get for our steamers is very largely Canadian traffic. We do not draw very much from the United States.

Q. But you know that Canadian traffic does go to New York and American traffic to Canada?—A. Quite true.

Q. That would apply to everything west of a certain point, which Mr. Marlow has mentioned as being Toronto, at a certain time of the year, and other cities at other times of the year?—A. It is a territorial proposition, governed very largely by rail rates and that sort of thing.

Q. Absolutely, and more so than by flag considerations.—A. I don't think there is very much flag consideration when it comes down to a question of this kind.

Q. So that the question is largely geographical and railway, coupled with the rates?—A. A geographical situation, naturally.

Q. That is a Canadian shipper will ship via New York if he can get a cheaper through rate to the ultimate destination?—A. I have found that to be so.

Q. And of course there is no boundary on the high seas between the two countries. Then if the shipper does find an advantage in a stability of rates, would you see an advantage to the shipper in a parity of rates, so that he would know that the available ports are on the same basis and that some other shipper would not be getting some advantage over him?—A. Well, I think I answered that before, didn't I, by saying that stability is something that the shipper must have.

The CHAIRMAN: What Mr. Montgomery means is not merely stability from the same port, but is it advantageous for the shipper to know that whether or not his competitor ships by another North Atlantic port outside of Canada, that the rates will be the same?

[Mr. J. P. Doherty.]

The WITNESS: Oh, that naturally follows, Mr. Chairman. It naturally follows that we must have that situation.

The CHAIRMAN: I think I properly seized your question?

Mr. MONTGOMERY, K.C.: I think so, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. I understand there is a bonding privilege as between the two countries, so that the traffic is not in any way hampered by the boundary line?—A. That is my understanding. Unless it might be shipments of some of our Canadian liquors. They do not allow those to go across. That is one advantage that we have.

Q. You have been asked a number of questions as to your rates and the operations of the Canadian Government Merchant Marine. I suppose you are pretty well in touch with the shipping situation generally? You must be, if you are managing those boats.—A. I think I have said already our participation in the United Kingdom business, the transatlantic business, is so small that I perhaps am not as closely in touch with it as some of the other representatives who are more or less specializing in that particular trade. I mean personally I have many other trades to take care of.

Q. Well now, Mr. Doherty, I put this question to you: from your general knowledge and experience as a shipping man, engaged to some extent in this trade, is the North Atlantic trade regarded as a profitable one to-day?—A. Our figures show that it has not been profitable to the Canadian Government Merchant Marine.

Q. And have you any reason to suppose that other lines are doing so much better that your losses are in their cases converted into large profits?—A. There would be no means of my knowing, Mr. Montgomery. You would understand that.

Q. A man usually does know the general situation in any trade he is in, and what is your understanding as to the trade situation in the North Atlantic?—A. If I were operating the same class of steamers, I mean if we were all on an equal footing and getting identical cargoes or identical assortments of cargoes, then perhaps I might give you an indication of what the others might do.

Q. Let us confine our question then to that; let us take cargo boats of about your own stamp and speed, and I understand that there are many others in the North Atlantic trade?—A. There are some.

Q. Do you know of any factor which would lead you to suppose that they are doing any better than you are?—A. Similar steamers to mine, I do not think that they are.

By the Chairman:

Q. Mr. Doherty, is there any regular steamship line running to Montreal, composed of vessels of the same type and quality and speed as your own?—A. I do not think there would be any just identical, Mr. Chairman.

Mr. SYMINGTON, K.C. : Any, with only one type.

By Sir Henry Drayton:

Q. What about the Cairns?—A. Well now, Colonel Gear probably could tell you how Cairns' boats compare with mine, better than I can tell you how mine compare with his.

Mr. DUFF: Colonel Gear would have to say they were better.

By Sir Henry Drayton:

Q. I do not think he would though. Just one other question I want to ask here, Mr. Chairman, that I think Mr. Doherty can give me. We have

[Mr. J. P. Doherty.]

one boat running to Newfoundland. Perhaps Mr. Doherty could give us the rate on flour, which is the chief thing going to Newfoundland now?—A. Sixty cents a barrel.

Q. Is that the same as it has been for some years?—A. It is lower than it was two years ago and it is higher than it was last year.

Q. What was it last year?—A. It fluctuated last year, going as low as 40 cents.

Q. And this year it is?—A. Sixty cents.

Q. And two years ago it was?—A. Ninety cents.

Q. So we have the picture of ninety cents two years ago, fluctuated last year as low as forty, and sixty cents this year.—A. Yes.

By Hon. Mr. Sinclair:

Q. Did you have any competition on that?—A. We have three companies presently operating between Montreal and St. John.

By Sir Eugene Fiset:

Q. Are these Conference rates? Or, the same rates the Conference charges?—A. This is Newfoundland we are talking of. The Conference which we are discussing here is transatlantic.

Q. I know, but is it the same rate? What does the Conference charge?—A. Oh, the rate for flour to the United Kingdom to-day are eighteen cents per hundred pounds.

By Mr. Halbert:

Q. Mr. Doherty, you admit that the Government Merchant Marine is losing money at the present time?—A. We were talking of the trans-Atlantic services. Yes, our figures show that.

Q. You admit you are losing money?—A. Our figures show that.

Q. And you admitted that if we had more trade coming this way, more British trade, it would practically wipe out the deficit, if it were large enough?—A. I did not go quite that far, but every additional ton we would get would materially assist us in cutting down our deficit.

Q. And you also stated that you were hoping for better times?—A. We always have hoped.

Q. You know "Hope deferred maketh the heart sick." Upon what is that hope based?—A. We are all inclined to believe we are going through a period of depression. It is true last year we thought this year would be better than last, but our experience up to now does not prove that our hopes have any foundation.

Q. Were you hoping that perhaps the increased British Preference would enlarge the shipping from Great Britain this way?—A. I did not think of it particularly along that line, but a general improvement in business. We feel it has got to come, and we hope it will come soon.

By the Chairman:

Q. Mr. Doherty, you say there are besides yourself three other lines running to Newfoundland?—A. There are two others.

Q. Have these been in the trade for long?—A. One of them has been in the trade for three or four years, and the other has been in the trade—this is the second year.

Q. Do you all charge the same rates on flour to Newfoundland?—A. Yes.

Q. Is that due to any agreement or because that is the market?—A. We understand what our Newfoundland rates are, between the lines that are operating.

[Mr. J. P. Doherty.]

By Sir Eugene Fiset:

Q. Therefore it is the same Conference rate?—A. There is no Conference.

By Mr. Symington, K.C.:

Q. It is an agreed rate?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Must that not always be the result in the long run, that people get together in rates?—A. I cannot see how it can be otherwise.

Mr. SYMINGTON, K.C.: That is the reason we must have one that will not be in.

By Mr. Symington, K.C.:

Q. Mr. Doherty, you made a statement to my learned friend about the westbound traffic to New York, to American ports. First, do you know the tonnage that runs into New York, the amount of tonnage?—A. The amount of tonnage? You mean in bottoms, in vessels?

Q. Yes, in bottoms.—A. I do not know off hand. It is very large.

Q. Do you know the amount of traffic?—A. I do not know the tonnage, but I know it is large. I cannot say more than that.

Q. That is the reason I was rather surprised at your ready answer to the question. Are you prepared to say that the boat running into New York carries more cargo in relation to her space than the Canadian boat? I am talking of per boat.—A. Taking it per boat, I think I did raise some point as to the desirability of talking, perhaps, of single steamers instead of generally, but I was referred to a reply or a remark that I made last year as to the situation, and I said that as far as I know it has not changed.

Q. But did your remark made then or now refer to the fact that there is more traffic, of course, going into New York, or that there was more per boat?—A. More traffic; the volume would be larger going into New York than coming into Montreal.

Q. That is the total volume?—A. The total volume.

Q. Not per boat?—A. I do not know what each ship did.

Q. So that all the questions my learned friend asked you, based upon that, for the purpose of showing that American rates could be lower, if they were asked on the understanding that the cargo was greater per ship, he took your answers wrong.—A. If I may answer you this way, perhaps I will make myself clear, to save any misunderstanding. In talking of the traffic it is my understanding that there is a greater volume of traffic moving into New York than into the St. Lawrence from across the water. Now, the next point is that I do not know, I have no means of knowing what any individual steamer is carrying into New York. I could not be expected to know, because my business is Canadian, it is not American.

Q. Are you, then, prepared to coincide with my learned friend's suggestion that because of greater volume of traffic going into the United States as a whole than there is coming into Canada, therefore the individual boat or the individual line is in a position to give a lower rate than the Canadian line?

Mr. MONTGOMERY, K.C.: That was not my question; I said the run of general cargo. The witness emphasized that before, that if they had more general cargo and less grain they would have better results.

The WITNESS: We are talking in the other direction now, Mr. Montgomery.

Mr. SYMINGTON, K.C.: We are talking of westbound cargo.

[Mr. J. P. Doherty.]

The WITNESS: It is only natural to assume, Mr. Symington, that if there is a larger volume running into New York, as there is, you can perhaps imagine that they are getting it more or less in equal proportion. That is, for the particular class of steamer, and taking them on the whole—I cannot take beyond the whole—they are deriving more revenue on their westbound voyages than we are.

By Mr. Symington, K.C.:

Q. That is on the whole, but per boat you do not know?—A. I do not know. I cannot answer per boat. I have no means of knowing.

Q. That will do for that. Now then, seeing that some of the members of the committee seem to be anxious to know something about the Merchant Marine, your route runs to Bristol?—A. No, to Cardiff and Swansea, in the Bristol Channel.

Q. Your westbound traffic is practically limited to tin plates and iron and steel, is it not?—A. Yes, tin plates and black plates and such like.

Q. You get nothing like the high class of commodities and high paying commodities that boats running from Liverpool and London get?—A. In comparison with the whole of the cargoes we carry, the proportion would be very very small, so small it would be almost negligible.

Q. And in your Antwerp service you are largely confined to glass and iron and steel goods?—A. Glass and iron and steel and some general cargo.

Q. As a matter of fact, if you will look at your voyage sheets, your earnings from your westbound cargoes were in every case extremely small, were they not?—A. I would not say in every case, but in the majority of cases, yes.

Q. For instance, one witness tells us in connection with his line running into Canada that it would be roughly 80 per cent occupied eastbound and 40 per cent westbound. I am referring to one answer.

Mr. MONTGOMERY, K.C.: The answer yesterday was 80 per cent for one figure, and I have not the other offhand, but it is just as well to put it to the witness correctly.

Mr. SYMINGTON, K.C.: I will put to the witness an answer one witness made. He said 80 per cent one way and 40 per cent the other.

Mr. MONTGOMERY, K.C.: I do not think it is quite fair for my learned friend to put a question which is likely to mislead the witness, because I well remember that the witness was making a comparison and using an illustration, and he pointed out that in fact they did not get it. He said, "Assuming they do get them, we will have to have so and so to break even", but we had a witness yesterday who gave us the actual figures eastbound and westbound. My recollection is that he said eastbound was 85 per cent or something like that, and westbound—

Mr. SYMINGTON, K.C.: I am referring to the evidence of Mr. Marlow at page 338. Mr. Marlow put in an Exhibit, and this is what he says. The question was:—

"Q. Yes. Now, I think if I remember correctly that you told us that was not the actual way in which the thing was figured in practice, and you figured a round sum of dollars as necessary to break even?—

A. That is so. The reason for that is that a large portion of our cargo, eastbound, is grain. Sometimes it will be 80 per cent of a ship's cargo, and no one attempts to figure how grain will pay per cubic foot. It is decidedly a weight cargo, and it is figured only on the weight basis. But I have taken one of our vessels that made eight voyages in the year 1924, and we have figured it that she was going 80 per cent fully loaded eastbound, and 40 per cent loaded westbound."

[Mr. J. P. Doherty.]

Mr. MONTGOMERY, K.C.: I think you should put in the next question and answer as well.

Mr. SYMINGTON, K.C.: Very well.

"Q. What about those two assumptions that you have made?—

A. They are pure assumptions. The point that I wish to make in that regard is that if you come out in ballast westbound, you must necessarily get your earnings for the round voyage eastbound. But taking it on that basis it works out, for the bare operating expense, exclusive of any depreciation or interest, from 9½ cents to ten cents per cubic foot."

By Mr. Symington, K.C.:

Q. At any rate, you do not get anything like that percentage, do you?—

A. No, we do not.

Q. Do you get fifteen per cent?—A. I would not like to say definitely what we do get, but if you want the figures I will endeavour to have them for you for 1924, if that will suit.

Q. Very good, Mr. Doherty, that will be first rate. Now then, with respect to your cattle figures in which you show a loss—not a loss, but you show a cost of \$17.48 in a shipment of 233 head of cattle, do I understand you to indicate to the committee that the Canadian Government Merchant Marine, having a capacity of 233 cattle,—

Mr. MONTGOMERY, K.C.: That was 7.8 per cent westbound, according to the actual evidence given yesterday.

Mr. SYMINGTON, K.C.: May I have that question read back?

(Whereupon, by direction, the reporter read back the last preceding question.)

By Mr. Symington, K.C.:

Q. —can carry cattle as cheaply as the boats having capacity for carrying more?—A. Well, I cannot answer that question, Mr. Symington, because I do not know what the costs are of the other companies operating cattle steamers.

Q. I am reading from Colonel Gear's evidence at page DD-3 in Exhibit 62, I think:—

"Q. In your evidence yesterday, when you were comparing cattle with flour, you made up the cost in connection with a shipment of 351 cattle at \$8.28 per head?—A. Yes, sir.

"Q. That was a shipment of 351 cattle, of which 247 were 'tween decks and the balance above deck?—A. The balance were in the bridge deck.

"Q. And your rate was \$20 per head?—A. Yes sir.

"Q. So that the difference between the \$8.28, your costs apart from your steaming of course and the \$20 leaves a margin of \$11.72 per head?—A. Yes sir."

Mr. MONTGOMERY, K.C.: Once again I have to protest against my learned friend's questions. That \$2.52 which the witness has given is figured after taking into consideration and charging against the vessel amounts lost on general cargo, the net amount. If you will refer to the statement the witness has produced in his evidence, you will see it is made up by charging, in addition to the actual expense, the loss between that—

Mr. SYMINGTON, K.C.: The witness knows that.

Mr. MONTGOMERY, K.C.: No, he does not. Is that correct, what I have just said?

[Mr. J. P. Doherty.]

The CHAIRMAN: Mr. Montgomery, it seems to me the objection should be addressed to the committee, and the ruling obtained from the committee.

Mr. MONTGOMERY, K.C.: I object to this question as misleading, the ground of my objection being that my understanding of Mr. Doherty's evidence and of the statement which he filed is that the figure of \$2.52 which he had left over for the steaming and carriage of the vessel was reached after he had charged against the expense the loss due to his inability to carry general cargo in the same space.

The CHAIRMAN: Now, Mr. Montgomery—

Mr. MONTGOMERY, K.C.: And the question which my learned friend is putting to him is before that loss is taken into consideration, so it is entirely misleading.

The CHAIRMAN: If I were asked to rule on it, I would dislike to do so without carefully examining the records. It is now six o'clock, and I think it is a good time to adjourn the Committee. I will have the record before me, because I will be quite frank in stating, that I did not particularly follow the question, and therefore I am not able to properly appreciate the objection, but if the question is unfair, it will be ruled out.

When shall we meet again? I think we might sit to-morrow afternoon at 2.30.

SEVERAL HON. MEMBERS: Carried.

The CHAIRMAN: This Committee stands adjourned until 3.30 to-morrow afternoon.

The witness retired.

The Committee adjourned.

Special Committee Appointed to Consider the

Resolution

To Give the Government of Canada Control Over
Certain Ocean Rates

Proceedings of the Committee

No. 13—Friday, May 8, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. John P. Doherty, Traffic Manager, Canadian Government Merchant
Marine, Montreal—(*Continued*)

Mr. David Hosie, Director, Donaldson Brothers, Limited, Glasgow,
Scotland

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

FRIDAY, May 8, 1925

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present:—Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork.—13.

Mr. John P. Doherty, who was again in attendance in obedience to summons, was further examined and retired.

Mr. David Hosie, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 5.35 o'clock p.m. to meet again at 3.30 o'clock p.m. on Tuesday, April 19, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, May 8, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum. Mr. Doherty, I think we had not finished with you. Will you please come forward again, sir?

JOHN PATRICK DOHERTY recalled.

By Mr. Symington, K.C.:

Q. Mr. Doherty, we were discussing your cattle estimate, which you put in yesterday. Have you it in front of you?—A. I have it.

Q. Look at the first item. I notice that you, in charging for these fittings on an estimated six voyages per year?—A. Yes, sir.

Q. If you make more voyages, of course, the sums charged against each trip would be correspondingly reduced?—A. They would be.

Q. And I think you have told us you make $6\frac{1}{2}$ voyages per year?—A. Yes, approximately.

Q. And the same question would apply to the next item—your depreciation would be correspondingly reduced against each voyage, if your ships made more voyages per year?—A. That is naturally correct.

Q. Then, coming to the next item with respect to cattle attendants: You have charged this amount at 75 cents per day. Is that a correct figure now?—A. Well, the item of 75 cents per day was used when this statement was originally prepared about a year ago. I would say that our present victualling costs would be somewhere in the vicinity of 55 cents per day per man.

Q. Which would make a material reduction in that amount you have charged against cattle?—A. Approximately one-third.

Q. Then, I have a note here that you have charged this amount for a round-trip voyage, but that the ordinary practice is that, apart from the foreman and veterinary, practically all those men go over, but you do not carry them back?—A. I would not say that is the "ordinary practice" but conditions just now are such as to enable the cattle shipper to find men who are anxious to work their way to England, and these men do not come back, but we are committed to bring these men back if they do desire to come.

By Mr. Shaw:

Q. At any time?

Mr. SYMINGTON, K.C.: On the same voyage.

By Mr. Symington, K.C.:

Q. So that apart from the one-third reduction, if you reduced your victualling costs from 75 cents to 50 cents, you would also divide the matter in half if the men stayed over—apart from the veterinary and the foreman?—A. Yes, certainly; if we did not bring them back.

[Mr. J. P. Doherty.]

Sir Henry Drayton:

Q. I suppose that depends on whether Canada was a place the people wanted to get out of or come into.

The WITNESS: I think the present condition to-day is due to business conditions.

By Mr. McKay:

Q. Most likely they are Englishmen returning home?—A. Very largely, yes.

By Mr. Symington, K.C.:

Q. Then, in regard to unloading: I think you wanted to amend that figure—A. These figures I was able to pick out a few days ago, and they indicate the cost of loading at Montreal as in the vicinity of \$125, rather than \$50 as shown in my statement.

Q. That is for the 233 cattle?—A. That is right.

Q. Then you have compared—and make some reductions—what you would have earned with some other classes of cargo, if you have not carried cattle?—A. Yes.

Q. Now that, of course, is, is it not, in fact, a hypothetical condition?

The CHAIRMAN: A hypothetical computation.

The WITNESS: The figures are based on our ability to get cargo to fill that space—the space that is occupied under decks by the cattle.

By Mr. Symington, K.C.:

Q. Let us take a line which is in the cattle business amongst others?—A. I am speaking on my own figures, and I do not think I can go beyond them.

Q. I will take you over your own figures. The Canadian Government Merchant Marine, rightly or wrongly, have committed these particular boats to the carriage of cargo, inclusive of cattle?—A. Correct; they are cattle-carrying steamers to-day.

Q. And as I understand the evidence, you cannot to-day select your cargo?—A. Not as to commodities.

Q. Then, if you take your boats as established to carry certain things, you are in the market to get cattle for carrying?—A. Well, there are certain times, perhaps, when we would be just as glad if we did not have cattle.

Q. You include cattle in the class of commodities or freight which you are seeking from the public to ship by your boats?—A. Yes; in a general way, I must answer your question by saying "Yes."

Q. So, in getting at the extra costs of your line with respect to carrying cattle over some other commodities—that is, over the charges which attach to some other commodities—if you will look at your list, I suppose it would be fair to take the depreciation upon these fittings, because that is extra depreciation over every other kind of cargo?—A. Yes, the fittings do depreciate, as we estimate in this particular statement.

Q. Now, if you will take a pencil: you have charged \$117 to that item?—A. That is correct—per voyage.

Q. And in your computation you figure 6 voyages, whereas Colonel Gear figured eight.—A. My computation is on the basis of six voyages.

Q. And if you made that seven voyages, it would be reduced to \$100?—A. Yes.

Q. Then, your next item, "Repairs to fittings, cattle attendants, victualling, etc." On your present cost of victualling, I think that is reduced to about \$230?—A. I have not checked the figures—I mean the figures on the basis of 55 cents, which we figure can take care of our victualling to-day. Do you say \$240, Mr. Symington?

[Mr. J. P. Doherty.]

Q. \$230, I think, but if it is \$240 all right. But what would you allow, under present conditions, seeing you are only carrying half these people, only carrying them one way and not the other?—A. It would naturally be a lesser figure if the men are not coming back.

Q. What would you say was a fair figure?—A. Probably a total of \$115, including the return of the veterinary and the foreman.

Q. Will you put that down on your list, then. Then, "Equipment Loss and Breakage, \$25." Put that down. Then, "Cost of loading." Take Montreal, you say \$116.50?—A. \$125, I think I said.

Q. Very well, put down \$125. Then your next item, "Extra expense incurred discharging cattle at Cardiff, \$587.50." Is that all extra by reason of cattle?—A. Entirely.

Q. Then you had better put that down?—A. I presume that if we are working on the situation as it is to-day, we would require to increase our rate of exchange. These figures, you will notice, are computed on the basis of \$4.70.

Sir HENRY DRAYTON: Take it at par.

Mr. SYMINGTON, K.C.: Take it at par.

The CHAIRMAN: You would do it quicker at \$4.85, and that would be near enough.

The WITNESS: About \$850—no, I am wrong there surely.

By Mr. Symington, K.C.:

Q. It would be some place around \$600, some odd?—A. \$607.50.

Q. Now while you are putting that charge down, none the less that charge largely arises by reason of the fact that you carry your cattle on the top deck, does it not; deck cargo, bar the cleaning charges?—A. The extra charges for that deck cargo, as I submitted them yesterday amount to approximately £12 sterling.

Q. That is all, is it?—A. That is the extra charge because of the cattle being carried on deck.

Q. And that would not be chargeable to another line, I mean, the other cattle carrying lines from Canada?—A. That is a charge against on-deck cargo.

Mr. MONTGOMERY, K.C.: The other lines carry on deck.

By Mr. Symington, K.C.:

Q. Do they carry on deck, the same as you do, Mr. Doherty?—A. I could not tell you whether they are doing just as I am or not.

Q. Then going on, loss of revenue space occupied by cattle feed under the deck, 10,000 cubic feet; I notice that 10,000 cubic feet, Colonel Gear says is the proper amount for 351 cattle. You would not charge it for 233, would you?—A. We figure it requires approximately 50 tons of hay and feed.

Q. I am wrong, you will excuse me. That is with respect to the feed. Loss of revenue, that is for your under-deck space. No, that is not the item. If you were in the business, that item would not be taken. This loss of space for feed, where is that item?

Mr. MONTGOMERY, K.C.: Under "Loss of Revenue."

Mr. SYMINGTON, K.C.: No no.

Mr. MONTGOMERY, K.C.: "Loss of Space occupied by cattle feed."

Mr. SYMINGTON, K.C.: Yes, that is true.

By Mr. Symington, K.C.:

Q. That loss of revenue by cattle feed, Mr. Doherty; Colonel Gear figures 10,000 cubic feet of space for 351 cattle, and you have 10,000 feet for 233 cattle.

[Mr. J. P. Doherty.]

Mr. MONTGOMERY, K.C.: You will observe, too, that Colonel Gear's voyages are shorter, and he does not have as many days to feed them. He is reckoning eight voyages against six, and running faster boats.

By Mr. Symington, K.C.:

Q. Would you say 10,000 cubic feet was correct, or 8,750?—A. 10,000 is nearer correct for our steamers.

Q. Nearer correct for your steamers?—A. Yes.

Q. So you would like to leave that figure at \$699?—A. Please.

By Mr. Duff:

Q. What kind of feed do you use, just hay?—A. Hay and cattle feed, ordinary bag cattle feed.

Q. Bran?—A. I presume so.

Q. Can you not carry hay on deck?—A. No, we must carry it below deck.

Q. Why?—A. It is a regulation.

Q. Except in the summer time I should think you could carry hay on deck?

By Mr. Symington, K.C.:

Q. In any event, Mr. Doherty, running over your list, you being in the cattle business, these are the extra charges with respect to cattle, as opposed to other cargo?—A. Those are the charges, the expenses and extra costs that are attributable.

Q. Would you total them up, then, what I have given you or what you have given me?—A. You have called off the life of the fittings, that is depreciation of \$117, but you did not call of \$200 per voyage covering repairs to fittings, which I assume we must include.

Q. I left all those things in.—A. \$115 for cattle attendants; \$25 for loss of equipment; we have \$125 for cost of loading cattle; we have \$447 representing the extra expenses in connection with discharge, less the cost of discharging equivalent cargo that would be carried in the space occupied by the feed.

Q. I am not comparing, that, just your extra expense of discharging?—A. We will call that \$607.50.

Q. If that is an extra expense, by reason of the carriage of cattle alone.—A. I follow you.

Q. And then there was loss of revenue for your feed; that is not paid for?—A. Do you want that included in my figures now?

Q. Yes, \$699. You are not paid for carrying that feed, other than in the cattle rate?—A. I figure a total of \$1,888.50.

Q. Divided by 233 is what?—A. \$8.10.

Q. \$8.10 a head, leaving from the \$20 rate \$11.90 to pay steaming costs of the voyage?—A. Against operation, you mean?

Q. Against operation, yes.—A. That is correct. Except, Mr. Symington, let me say that there is the matter of one day's detention which you have not taken into account. Perhaps you do not want to at this stage, but there is a matter of one day's detention in connection with the discharge of the cattle.

Q. I left that out, but let us discuss it. You put in your computation the cost of a day's delay in discharging?—A. Yes.

Q. Now, as I understand the operation of steam boats, and of yours, for instance, you make a fortnightly service?—A. That is correct.

Q. For which you expect to steam a certain number of days, be in port a certain number of days, and return?—A. That is correct.

Q. And if you are in the general cargo business, including cattle, the incident of unloading involves a certain time in port?—A. Naturally.

[Mr. J. P. Doherty.]

Q. And in order to justify that charge, what you would say is that you would establish better than a fortnightly service if you could save that day?—A. One day would hardly allow us to do very much better on a fortnightly service.

Q. If you are in the business as general cargo carriers, including cattle, that is part of the conduct of that business?—A. If we had considered it so, Mr. Symington, we would not have included this item of \$400 in our memorandum.

Q. But, Mr. Doherty, you are comparing this with some other class of cargo?—A. No, I am comparing that \$400 as covering one extra day in connection with the steamer's time in the discharging ports.

Q. What would you do with that extra day if you did not put it in there?—A. We would have our steamer at home port.

Q. Which costs what, any difference?—A. It would be a saving, naturally.

Q. What would it save?—A. Well, when our ships are in home ports our crew is paid off and we have not the crew's wages. There would probably be a saving in coal, and there would be a saving in port charges.

Q. Now, we have paid for the port charges, and I want to see where the saving is, because if it is proper I want to give it to you.—A. Quite right.

Q. You say it will not make any difference in your fortnightly service?—A. Not a particle.

Q. Then if you get home to port a day earlier, you discharge your crew a day earlier?—A. That is true.

Q. You discharge your crew every day?—A. Our position is different from the other lines in that respect in as much as we have a home port in Canada, whereas the other lines have their home port in the United Kingdom.

Q. Is it a practice in steamship operation that every time a boat comes to a home port they discharge her crew?—A. Absolutely.

By Mr. Duff:

Q. Part of the crew. Not the whole crew?—A. We do not discharge the whole crew. The officers and the master and so on are not discharged.

By Mr. Symington, K.C.:

Q. If you came back, in the regular service, and you were in Montreal five or ten days discharging, you would discharge and hire a new crew each time, so there would be a saving of the crews' wages?—A. Yes.

Q. Roughly, what would that be?—A. I cannot tell you offhand.

By the Chairman:

Q. Give us an idea. You have so many men; you pay them so much a day; it costs you so much to feed them.

By Mr. Duff:

Q. Just the stokers and sailors?—A. Well, there is no use in my giving you an arbitrary figure. If I have not got it in some definite shape it would be quite useless.

By Mr. Symington, K.C.:

Q. I am trying to find out from you if I can, if the \$20 is a reasonable cattle rate?—A. Yes.

Q. Not by any comparison with a ship that does not carry cattle but for a ship in the general cargo carrying business. Can you say, whether it be eleven dollars or ten dollars that is left for your operating costs, whether it is a fair remuneration for them?—A. I do not just know what you are trying to arrive at, Mr. Symington, because these figures I have presented, in so far as our own steamers are concerned, are considered

[Mr. J. P. Doherty.]

by us as fair figures. Now, as to what other companies carrying cattle might or might not do I cannot say.

Q. I have taken these figures. Leaving apart this \$400 item, it leaves you, roughly speaking, ten dollars giving eleven dollars allowance to be your operating cost or a share of the operating cost which ought to bring a fair share?—A. What you are asking me is, if \$10 per head was left as a net to the steamer, after paying actual costs chargeable to the cattle for loading or unloading, etc., would \$10 be considered as a fair return. It strikes me it would.

Q. I show you Exhibit No. 60, Colonel Gear's figures. He brings his figures as \$8.28, so that that would leave their lines \$11.72. Of course it follows that you would say you would think that would be a very fair figure for the operating costs at that?—A. On the same basis, if I say \$10 is fair, it will be fair to anybody, if they can get that amount of money.

Q. Now then, with respect to the Merchant Marine you run to Cardiff and Swansea?—A. Cardiff and Swansea.

Q. That is, the Bristol Channel ports?—A. That is right.

Q. I judge, looking over your voyage returns, that return cargo is largely confined to a few commodities?—A. Almost entirely to tin plates and black plates.

Q. Commodities paying comparatively low rates?—A. Yes.

Q. And which are shipped in comparatively restricted amounts?—A. Since yesterday I have been able to develop that our steamers running from Cardiff and Swansea to Canada during 1924 had ten per cent of their cargo space for that.

Q. For practically all of these commodities you mentioned?—A. Principally. The others are very immaterial.

Q. How does that compare with the commodities which come westbound from the more central ports or larger ports, Liverpool, London and so on?—A. There is a greater variety of cargoes coming from Liverpool.

Q. And a higher class of cargo?—A. Cargo paying higher freight rates.

Q. Going eastbound what class of cargo do you get mostly?—A. Our principal item naturally is grain. We get some provisions; we get some flour; we get some lumber. We do not get in large proportions the better classes of traffic. Our steamers are carrying a greater part of their cargo in grain.

Q. Is it so that the lines which have cargo boats, mixed cargo boats, operating faster get the best or highest class of commodities that move? That would be passenger and freight?—A. I would say they do get very much better than we do because perhaps in the first place they are serving ports that take in a better variety and a larger quantity; a better variety of traffic. When I say "better variety" naturally I am talking on the basis of rates.

Q. Better for the shipowner?—A. Yes.

Q. In connection with westbound shipping you have no organization to-day?—A. We have an organization in the United Kingdom but our shipments are very largely handled by operating agents.

Q. Do you know anything of the organization of your competitors such as, the Cunard, the White Star and the C.P.R.?—A. I am sure they are very complete.

Q. They are very complete?—A. Yes.

Q. Do I understand you to say, as I notice in the press you are reported as saying, that you are in favour of taking some 26 boats off their routes and putting them on the North Atlantic?—A. I notice the Gazette reported me wrongly this morning.

Q. As I understand it you recommend no taking off of these boats?—A. We would not desire to increase our United Kingdom service to-day.

[Mr. J. P. Doherty.]

Q. The boats are doing better service on the other routes, is that it? I do not mean in returns but you would sooner leave them on the other routes?—
A. You can put it that way if you wish.

Mr. DUFF: He said he did not think it was advisable to take them off.

Mr. SYMINGTON, K.C.: Quite so.

By Mr. Symington, K.C.:

Q. Now, I hope you will not consider this question as a critical one because it is simply as I heard it. Is it the experience of the managers of your line that your boats have to burn more coal per knot than their competitors?—

A. Well now, I cannot answer for the management but if you want an idea as to what the steamers of this particular class burn I would say in the vicinity of 35 tons of coal per day.

Q. In the vicinity of thirty-five tons of coal per day?—A. Yes.

Q. You wanted to correct something about your steaming time, yesterday?—
A. Yes. There was some question as to the speed of steamers and I have checked up the distance from Montreal to Cardiff and found the distance to be 2,880 nautical miles.

Q. 2,880 nautical miles?—A. I have calculated on a 14 day voyage, which would represent an hourly speed of eight and one half knots on a twelve day voyage, which our steamers make from time to time, which would represent, approximately, ten knots per hour.

Q. I think we agreed yesterday the average would be near fourteen days both ways?—A. If you are taking the round voyage into consideration, I think perhaps that would work out.

Q. That would be the basis upon which you would compute that 35 tons per day, so we can say the basis generally of the speed is 35 tons per day, at a speed of eight and one half knots?—A. Yes, that is comparatively correct.

By Sir Henry Drayton:

Q. That is taking a slow return voyage and a quicker voyage going east?—
A. That is right.

By Mr. Symington, K.C.:

Q. I suppose you can say that your boats are not considered to burn a great deal less coal than the boats with which you are in competition?—A. I would prefer very much if you were to get definitely what the other companies' vessels are burning, that you get that information from a representative of these lines because really I am not in position to give a definite figure. If I cannot, anything that I might say would be useless to you.

Q. I just wanted general knowledge as to whether or not your boats run with exceptionally little coal as compared with the others or with perhaps more? You would not like to say?—A. I would rather not because what I would say might not be correct.

By Mr. Montgomery, K.C.:

Q. Mr Doherty, do you wish to change at all the statement that you submitted yesterday and your statement of last year in regard to the cattle rate and as to the fairness or unfairness of the charge?—A. The statement as regards our own steamers?

Q. Yes, that you made last year before the Committee and that you made again yesterday?—A. No, I have no reason for wanting to change it unless it might be the idea of the Committee that I bring it up to date by making a few alterations that I volunteered yesterday which might bring it up to date.

Q. We understand there were certain minor changes which you yourself suggested yesterday? My learned friend has asked you to do a lot of arith-

[Mr. J. P. Doherty.]

metic. I would like to know whether that in any way affects the accuracy of the statement or the opinion which you expressed yesterday?—A. I would not say so.

Q. Now, you told us that the higher class of cargo will naturally take these fast passenger boats, boats which, I think you said yesterday, made the trip in eight or nine days?—A. The fastest steamers will naturally draw the better class of cargo.

Q. I suppose that holds good against your cargo boats as against all other cargo boats?—A. I would be inclined to say so, taking cargo boats as cargo boats.

Q. If you are figuring a rate on freight would you consider it fair to eliminate any other boats of yours? I understand there are many of them figuring the speed in fixing rates?—A. I did not catch your question.

Q. Suppose there would be room for cargo boats on the St. Lawrence trade in addition to high speed passenger boats to which my learned friend has referred?—A. There are many cargo boats operating, so there must be room.

Q. Freights have to be calculated on the cargo which they are able to attract, which will bring earnings sufficient to cover their expenses, with a return over and above. That is considered fair?—A. That is the endeavour of all of us to-day. They are anxious to balance the voyages of their steamers.

Q. And if you for instance were to add one or two fast passenger boats to your services, would you think it proper that the freights on your cargo boats should be reduced; would that be any reason why the freight rates on your cargo boats should be reduced?

Mr. SYMINGTON, K.C.: Does anybody suggest that, Mr. Chairman?

The CHAIRMAN: I am going to ask Counsel not to make observations one to the other, because it does delay our work.

By Mr. Montgomery, K.C.:

Q. Can you answer that question, Mr. Doherty?—A. You asked me, Mr. Montgomery, if it is my opinion that freight rates on cargo boats should be lower than freight rates on passenger boats?

Q. No, I did not; at least I did not intend to ask you that.—A. That was my understanding of your question.

Q. Perhaps we can leave it at this, that what you have said as to your boats would apply to other cargo boats of approximately similar speed, or cargo boats having a speed less than the best Transatlantic passenger boats?

Mr. SYMINGTON, K.C.: What he has said applies, I think.

Mr. MONTGOMERY, K.C.: I meant to ask that question, Mr. Symington.

The CHAIRMAN: I do not believe the witness will answer any question he does not understand, but when he does understand it I think his answer is very clear. If you do not understand it, Mr. Doherty, ask for it again, and answer it as clearly as you can.

Mr. MONTGOMERY, K.C.: You have said, Mr. Doherty, that you would not recommend putting twenty-six more boats upon the Transatlantic trade at the present time?—A. I have said that.

Q. The Transatlantic trade is fairly well filled, is it not, with tonnage?—A. In my judgment, there is ample tonnage to-day to take care of the situation.

Q. You would not recommend even the putting on of ten more boats?—A. I would not want to put ten of my own on, that is, of the Canadian Government Merchant Marine.

Q. When you said you had twenty-six other boats, did you wish us to infer that those twenty-six boats or any of them were not suitable for the Transatlantic trade?—A. Well, we have. What you have in mind, I think, is

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a remark made yesterday that we have twenty-six of the large type steamers, that is, 8,000 ton boats and 10,000 ton boats. Four of these are operating Transatlantic.

Q. You have other boats that could be thrown into the Transatlantic trade, if desired, today?—A. Not to-day, because they are occupied in other services.

Q. But you have other boats that could be put into the Transatlantic trade if desired?—A. If we wished to withdraw from other services, yes.

Q. The Transatlantic trade, as compared with other services, is not considered a very profitable one?—A. I can only speak for our own company.

Q. That is what I am asking?—A. Our services have not been profitable during the past year, and under these circumstances I do not imagine that it would be the idea of the management to put more steamers into such a situation. But I would like to supplement my remarks in that connection by reminding you that we are operating to Cardiff and Swansea, that we are operating in a limited field. The Cardiff and Swansea service was inaugurated by the Canadian Government Merchant Marine at a time when no other line was taking care of those ports, and up to the present time we are alone in that field.

Q. That is rather in your favour, is it not?—A. In our favour?

Q. Yes.—A. Well, it means that we are getting what traffic is going, and largely what traffic is coming back.

Q. And you have told us that you had not experienced any great difficulty in filling your boats?—A. No undue difficulty.

By the Chairman:

Q. That is, one way, Mr. Doherty?—A. One way.

By Mr. Montgomery, K.C.:

Q. That is the experience of everyone. Col. Gear said he filled his boats seven and a half per cent westbound, if I remember it rightly; you say ten per cent, as far as you are concerned?—A. Our figures show ten per cent, sir.

Q. Your boats have 'tween decks?—A. Yes.

Q. If you had one more 'tween deck, your boats would then be more desirable for carrying package freight?—A. Not in that particular service.

Q. Treating it from the point of view of cattle vs. some other fairly low classes of commodities, such as grain or flour, how do the rates compare as to cubic space occupied—or have you looked that up; or put it on the basis of general cargo, including grain and flour?—A. You have my figures in the records, Mr. Montgomery.

Q. Then I take it that cattle pay, under the existing rates, a lower rate for the space occupied than any of these other commodities?—A. As far as my own steamers are concerned, my figures show that where we carry cattle in the bridge deck space, which is the only place we carry cattle in these steamers, there would be a difference in favour of general cargo of \$1,485.

Q. Cattle are carried under the cheapest rate?—A. The conditions of carriage and type of steamer might have some bearing upon that question. Here are the actual figures, and I cannot go beyond them.

The CHAIRMAN: I think perhaps unless there is some desire on the part of other members of the Committee to ask Mr. Doherty some questions, as he has been on the stand a long time now, we might give him a rest and go on with another witness.

Mr. SHAW: Might I ask one or two questions, Mr. Chairman?

The CHAIRMAN: Yes, Mr. Shaw:

By Mr. Shaw:

Q. Mr. Doherty, I understand you to say that there has been a failure on the part of the Canadian Government Merchant Marine to get the higher

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class of cargo, both eastbound and westbound; that is, you have not been able to get the higher class and the better paying class of cargo?—A. That we have not done as well as the other lines, you mean?

Q. Yes, and that that is due, I take it, to the fact that your ships have not the requisite speed?—A. Are you talking of the United Kingdom situation generally?

Q. I am speaking only of the North Atlantic service?—A. The United Kingdom situation generally is the North Atlantic service. If you are taking all the ports into consideration, then your idea is reasonably correct. But I would again say, please bear in mind that the Canadian Government Merchant Marine is operating to Cardiff and Swansea, and we must be limited to the class of cargo and the kind of cargo, as well as the volume of cargo that is taken into those ports, and as far as the homeward voyages are concerned, we must be content with the kind of traffic that is offered or that they have to send to Canada, and as we are alone in that trade we get practically all of that traffic.

Q. The situation is, that you cannot speed up your cargo boats.—A. That is very true.

Q. If we take your figures as correct for the higher class of cargo ships, they make an average of 13 knots an hour on a 9-day voyage?—A. That is your figuring. I have not figured it out, I do not know how many knots an hour they go.

Q. You cannot speed up you cargo boats in any way that is going to enable you to get more of the high class cargo about which you speak, if it is available to you?—A. I would like you to bear this in mind too, that the fast passenger steamers are not operating in competition with my steamers to Cardiff and Swansea.

Q. I appreciate that. You are anxious to get the better paying cargo, I take it, if you can, both eastbound and westbound, if it is available and you can get it?—A. Just let me understand your point so that there will not be any confusion about it. What you have in mind is, if it were possible for us to give a service equal to that of the fast passenger services, the Canadian Government Merchant Marine might put steamers into London, Liverpool and Glasgow; is that it?

Q. I am talking about the situation as it exists to-day. You said yesterday, and confirmed it to-day, that one reason why you cannot get the better paying class of cargo is that your boats have not the requisite speed?—A. Yes.

Q. And in the second place you were going to ports in England which either do not demand or cannot supply to any considerable extent this variety of cargo?—A. Yes.

Q. And I say to you that you cannot speed up your boats so that you can offer any attraction to the shippers that would enable you to share in that higher class of cargo. Have you ever tride the scheme of reducing your rates?—A. I have not.

Q. You do not know what effect that would have in inducing the higher classes of cargo to ship from British ports to which you sail?—A. Well at the present time we are getting, as far as the ports of Cardiff and Swansea are concerned, the full volume of tonnage that is going eastward, and I think we are getting a very large part of that which is going west. It is a limited market, a limited situation.

Q. A lower rate even from Cardiff and Swansea would attract a higher class of cargo, even from Liverpool and London?—A. You may depend that the other lines would not lose very much time in meeting the competition.

Q. You have not tried that?—A. I have not.

By Mr. Rinfret:

Q. Mr. Doherty, you said yesterday that in a certain way you were performing a public service. If you did reduce the rates and got extra cargo from Cardiff to Canada, you say the other companies would also reduce their rates to meet your competition?—A. I would judge so.

Q. Wouldn't that be a public service also?—A. It might be public service to a few for the time being, but I do not know how long it would be a public service.

By Mr. Halbert:

Q. I have been given to understand that it is possible for the British manufacturer to ship goods to Antwerp and we ship them to Canada and do it cheaper; do you know anything about that?—A. I have not had that experience, with my steamers.

By Mr. Montgomery, K.C.:

Q. In carrying high class cargo, time is an important element, is it not?—A. The ships as a rule are very anxious to make as much time as possible on their deliveries, the best time possible.

Q. To get the goods on the market in the shortest possible time?—A. That is the tendency.

Q. That is why you say there is a tendency for that class of cargo to go via the fast Transatlantic lines?—A. Yes, that is the situation, as far as I remember.

Q. Then would rail transmission to Cardiff be likely to attract much other cargo, the diversion?—A. Well, distances in the United Kingdom are not so great perhaps as to cause that really to be a consideration, I mean where you are making a comparison as between the Bristol Channel and Liverpool.

Q. There is involved the time taken in transferring from the rail to the ship?—A. There is a transfer at either place.

SIR HENRY DRAYTON: All they think of in England is railway freight rates, which are very high.

By Mr. Montgomery, K.C.:

Q. Have you considered the element of railway freight rates, Mr. Doherty?—A. I beg your pardon?

Q. You have heard Sir Henry Drayton's observation, that freight rates are high in England?—A. I heard him say that.

Q. Among the high class cargo you refer to, would you include provisions?—A. Provisions are considered as among the better class of cargo.

Q. And that is a cargo which would be more likely to go by a passenger liner, rather than by a cargo boat of anything like the speed of your own?

—A. I would say it will go in the fastest steamers that are available, as a rule.

Q. Does the same thing apply to cheese?—A. I would say, yes.

Q. And lard?—A. Yes.

Q. Canned goods?—A. Not particularly.

THE CHAIRMAN: With the permission of the Committee, I would suggest that we get along to another witness, because it is a question of time.

MR. DUFF: There are one or two questions I want to ask Mr. Doherty.

SIR HENRY DRAYTON: There are two things I asked for; perhaps they have them here to-day.

THE CHAIRMAN: Mr. Duff has a question to ask, then I will see you, Sir Henry.

[Mr. J. P. Doherty.]

By Mr. Duff:

Q. Mr. Doherty, I asked you a question yesterday as to whether or not you considered it expedient to run steamers on the route between Canada and Europe, in view of the fact that they were losing money, and your reply was that you would have to ask "the Minister."—A. "The management," I said.

Q. I want to get that corrected then. I think in fairness to yourself that we would like to get that corrected.—A. I did not make any such statement. If it is in the record that I said "the Minister" the record should be corrected.

Q. You made the statement. Is it not the fact that during the last five years, both under the late Government and under this Government, that the Minister of Railways has never interfered with the management of the Canadian Government Merchant Marine?—A. I cannot speak for the management.

Q. As far as you are personally concerned?—A. I have no knowledge, Mr. Duff, of the Minister's dealings with our Management, whatsoever. My business is traffic.

Q. You can say that to your knowledge they have never interfered?—A. I have not any idea one way or the other, nor can I give you an answer, Yes or No.

Q. To your knowledge and belief you can say Yes or No.—A. I tell you I have no means of knowing.

Q. That is only evading the question.—A. I am not evading the question.

Q. But you made the statement yesterday that I should ask the Minister.—A. I said nothing about the Minister, Mr. Duff, and we should not argue; the record should be very clear.

Sir EUGENE Fiset: I know very well that the witness said that, that you should ask the Minister, but as I interpolated at that point he may have misunderstood.

The WITNESS: If I said "Minister" and I don't believe that I did, I will tell you now that it was a slip of the tongue.

Mr. DUFF: That is all right.

The WITNESS: But I am satisfied that I said "the management" and not "the Minister."

The CHAIRMAN: I remember the interpolation, and Mr. Doherty may have said what is suggested but if so I believe it was a slip of the tongue, because in answering all other questions of a cognate nature, the witness always said "that is a question for the management."

Mr. DUFF: That is just what I wanted to clear up.

The WITNESS: If I made a mistake, I appreciate that very much, Mr. Duff.

By Sir Henry Drayton:

Q. Mr. Doherty, yesterday I asked you if you could tell us what surplus would be necessary in order to carry the boats without loss to the country. Have you that?—A. As far as I have been able to go, Sir Henry, we have got to take into consideration five and a half per cent for interest charges on the capital; and four per cent for depreciation; and for these particular 8,000 ton type steamers, which we have been discussing, the charge for management and general overhead expenses would amount to approximately \$2,000 to \$2,500 per voyage.

Q. Is that outside of or including the interest and depreciation?—A. Which item do you refer to?

Q. The item you have just given us.—A. Of \$2,000 to \$2,500?

Q. Yes.—A. No, that is purely for management and overhead. Interest and depreciation are separate items.

[Mr. J. P. Doherty]

Q. Interest and depreciation are separate items altogether?—A. Yes.

Q. Then there is another question. Last year in Committee we had up the matter of getting a cheaper rate, if possible, on chilled meats, so that the carcasses could be shipped, and the system was going to make a study of that. Has that been advanced enough to give us the information here?—A. I did not handle that particular situation in so far as the Committee of last year was concerned; it was not given into my charge to take care of.

The CHAIRMAN: Mr. Sinclair has a question, and unless it is very important, after Mr. Sinclair's question I will ask you to proceed to another witness.

By Hon. Mr. Sinclair:

Q. In reference to the information I asked for last week, have you got that yet? It was in regard to the routes.—A. The routes and number of steamers operating on each route?

Q. Yes.—A. Yes, I have it here.

Q. And the returns, whether profitable or not?—A. I have not got that, no.

Q. You can file what you have.—A. I can give you the number of steamers.

The CHAIRMAN: Perhaps you will state the number of steamers on each route, just briefly.

Hon. Mr. SINCLAIR: As they were in 1924.

The WITNESS: That is what I have.

Cardiff and Swansea.. . . .	4
London and Antwerp.. . . .	4
West Indies—freight.. . . .	4
West Indies—passenger.. . . .	2
Australia and New Zealand.. . . .	5
Newfoundland.. . . .	1
Intercoastal, Oriental Joint Services.. . . .	6
Great Lakes.. . . .	8
Pacific Coast and Oriental.. . . .	3
Pacific Coast and United Kingdom.. . . .	4
Pacific Coast and California Ports.. . . .	4

The CHAIRMAN: Now I am going to thank Mr. Doherty sincerely for the able way in which he has answered all the questions; and I am going to ask counsel who will be the next witness. We thank you very much, Mr. Doherty.

Mr. MONTGOMERY, K.C.: Just as a matter of information: in relation to the word "management." It is "management" in the record.

Mr. SYMINGTON, K.C.: Mr. Doherty's answer was, as to "management."

Mr. DUFF: In the minutes it is "management," but I thought you said "Minister," and one of the newspapers this morning has it "Minister."

The WITNESS: Well, the newspapers said other things about me this morning.

The CHAIRMAN: We thank you very much, Mr. Doherty.

Witness retired.

DAVID HOSIE called and sworn.

By Mr. Montgomery, K.C.:

Q. You might tell the Committee who you are, Mr. Hosie?—A. I am a director of the firm of Donaldson Brothers, Limited, whose offices are at 14 St. Vincent Place, Glasgow. My firm are managing owners of 19 steamships. They are also managers of the Donaldson Line, freight; managers of the Anchor-Donaldson Line, and these two concerns have to-day six cargo and four passenger steamers regularly engaged in the United Kingdom-Canadian trade.

[Mr. David Hosie.]

Q. How long have your firm been engaged in the United Kingdom-Canadian trade?—A. The Donaldson Line relations with Canada began as far back as 1870.

Q. You have been in this trade then, serving the Dominion, for over fifty years?—A. That is so.

Q. And continuously during that time?—A. That is so.

Q. At present you say you have how many boats engaged?—A. At present we have six cargo and four passenger and cargo steamers engaged in the Canadian trade.

Q. When did you go into the passenger business?—A. In the year 1905, our first passenger steamer was built and began trading between the Clyde and Canada.

Q. I understand your original boats were sailing ships, were they not?—A. Yes, but that is very far back.

Q. And then you went into steam cargo boats?—A. That is so.

Q. And incidentally you have been among the oldest of the carriers of cattle, have you not?—A. I should think we are.

Q. Now what services are you running as regards time?—A. At present, and for many years, we have sought to give a weekly service between Glasgow and Montreal. That has been continued and of recent years we have developed a further freight service between Avonmouth, in the Bristol Channel, and Canada; the ports on this side being Montreal in the summer months, and Halifax, St. John or Portland in the winter months. During the winter months the vessels do not sail so frequently as weekly, but possibly ten days to a fortnight according to the requirements of the trade.

Q. Will you briefly outline the character of the boats and how they have changed from time to time in reference to the requirements?—A. Well, Mr. Chairman, if I will be allowed to make explanation to try and convey to you something of the feeling and position of the British owner at the present time, and especially those of us who have been engaged in the Canadian trade.

We emerged from a very anxious and trying experience during the war years, when we lost seriously. When I say "we" I do not mean our own selves particularly, although we did, but the owners generally lost very seriously through the submarine menace. If this were a private sitting, I could give you some very interesting details in regard to the national position of shipping, but I am afraid I could not do it at the moment, in respect to the serious position in which the country was placed during that trying time.

It has been alleged that owners have made fabulous profits during those years. Well, that may be true in respect to one type of owner known generally as "the tramp," because he had no trade to safeguard in the sense that the liner had; and if he lost his ship and got a good price out of its proceeds, he could afford to put the money in War Loan, and await the time until prices came down and launch out into shipping again. Others again were fortunate in selling their tramp steamers to the liner owners at very handsome profits, or rather, prices. The liner owner, when he was faced with a loss, had to do his utmost to maintain his sailings, and naturally he either had to build or get something on the spot. Building in those days was not only costly but took a long time. One of our steamers, I may say, took five years to build during those trying years.

Well then, with the fleet substituted as far as possible, we carried on. The war came to an end, and then we came to that time when we thought we had reached a period of good earning years, but unfortunately the slump came, and in addition to which we had very keen competition with the American Shipping Board in our United States service, which caused us considerable anxiety. Thus we have come through '23 and '24—very trying years—and the ship-owner has

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been compelled to keep a very careful watch in order to keep afloat. I mention this, and I think, Mr. Chairman, from what the Committee has heard to-day and yesterday in respect to the management and trading of your own boats, there is a very keen and serious interest on behalf of the Committee in your own vessels, and I trust it will have created sympathy with the British owners who have had the same conditions to face and the same small earnings, out of which they have their heavy expenditure to meet.

By Mr. Montgomery, K.C.:

Q. Mr. Hosie, for the years 1923 and 1924—since they are the ones which have been particularly brought in question—have been profitable years for your company in the transatlantic service from Canada to the U.K. ports?—A. No, they have not been profitable.

Q. You have spoken of the boats that you had on this service. What are their names? If you have not that information handy, I will not ask you.

The CHAIRMAN: He has it here.

The WITNESS: I have it, sir. Our freight boats on the Canadian service are the "Concordia"—

By Mr. Symington, K.C.:

Q. Which line is this?—A. The Donaldson Line: The "Concordia," the "Gracia," the "Kastalia," the "Parthenia," the "Salacia" and the "Moveria." Do you wish the passenger ships also?

By Mr. Montgomery, K.C.:

Q. If you like?—A. The passenger ships belonging to the Anchor-Donaldson Line are the "Saturnia," the "Cassandra," the "Athenia," and the "Letitia."

Q. I have spoken of 1923 and 1924, which you say have not been profitable years for your company in this trade. What about the prospects for 1925, the year we are now in?—A. Well, we have not gone very far into 1925, but I am just afraid it is not showing the needed improvement which we all anticipated. I might say that, after laying up one of our passenger ships for about a couple of months during the off-season—about the end of December until about the end of February or the beginning of March, when the normal season begins—we made inquiries of our people on this side as to the probable prospects and earnings if the vessel came again into commission, and although they could not give these with any certainty, they encouraged us to send the vessel. She sailed on the Canadian round, I think about the middle of March, or nearby, and I exceedingly regret to say that the earnings for the round voyage have turned out to be so much less than we anticipated, that she will show a serious loss.

By the Chairman:

Q. What boat was that?—A. Well, Mr. Chairman, I have a little hesitancy in giving particular and detailed information—

Q. That boat would be visible when it was in Montreal. We could find out what boat it was that came out on this trip.

Mr. MONTGOMERY, K.C.: He has a great many figures and so on, Mr. Chairman, for which I will not ask him to-day, because they will come out when we come to consider the accounts, and I understand that when these accounts are submitted, if there are any questions to be discussed—and I am sure there will be, and the accountant called—we will no doubt have a hearing in camera when these figures can be gone into, and then they can be absolved from any responsibility by the Home Office, which they may now feel.

Mr. SYMINGTON, K.C.: Mr. Chairman, you see the difficulty this sort of evidence puts you in. He says the voyage was not profitable. The minute he offers that to the Committee I consider I have the right to cross-examine him on that and ask him for his balance sheet. Surely a witness cannot come in and say to the Committee that such-and-such a thing is a result, and Counsel for the Committee be unable to question him upon that answer, because of the claim that it is confidential.

Mr. MONTGOMERY, K.C.: Now, Mr. Symington, the voyage statements of his company have been submitted for that very reason, and they will show the amount of profit or loss.

By Mr. Montgomery, K.C.:

Q. Have your voyage statements been deposited with the accountant?—

A. Yes; I deposited them a few days ago.

Mr. SYMINGTON, K.C.: Quite true, and I have, from some of his material, a set of questions which I propose to ask him, and as a result I expect to get no answer, because my friend will say it is confidential.

Mr. DUFF: You must get your answer, either in camera or otherwise.

The CHAIRMAN: I will not press that question. I did not think the witness would have any objection to telling us what ship came to this country.

The WITNESS: I have no objection to telling the Committee, and our friend the Counsel, but I have a feeling that with the Press present, it would be broadcasted, and I think that would be objectionable to us.

The CHAIRMAN: If, in order to do justice to everybody, we have to have a hearing in camera, we will have it.

Mr. MONTGOMERY, K.C.: And I have no doubt that we will have a hearing in camera, because there are figures which my learned friend may question, or may want further particulars upon.

The CHAIRMAN: Mr. Montgomery, you will see the unfairness of having general allegations of operating losses go forward to the public without any cross-examination, to, perhaps, explain or even modify them.

Mr. STORK: That answer might be amended, Mr. Chairman, in this way; that when the question is asked if the trips were profitable, instead of saying "No," he could say, "Our record will show," because to send out his statement broadcast, and then refuse to be cross-examined, I think would be decidedly unfair.

Mr. MONTGOMERY, K.C.: I am quite willing to accept that statement. We want to "play the game" all the way through.

Mr. SYMINGTON, K.C.: That general statement goes out to the public, and is read by the public, and opinions are formed in people's minds, whereas in cross-examination, which is in camera, it may not stand up.

Mr. MONTGOMERY, K.C.: I am satisfied that it will.

Mr. SYMINGTON, K.C.: On the other hand, I am not; so there you are.

Hon. Mr. SINCLAIR: Mr. Montgomery, how about the cargoes? Are they full cargoes?

By Mr. Montgomery, K.C.:

Q. Can you tell us, Mr. Hosie, the percentage of cargoes which you carried as compared with capacity, both eastbound and westbound?

The CHAIRMAN: On that trip?

The WITNESS: The trip to which I referred?

Mr. MONTGOMERY, K.C.: Yes.

[Mr. David Hosie.]

The WITNESS: The voyage is just barely completed, and I have not the particulars. It is not long since the ship returned to her home port, and I have not the particulars.

Mr. MONTGOMERY, K.C.: Would you like the particulars for '23 and '24?

Hon. Mr. SINCLAIR: No, that is all right; I was thinking of that one voyage.

The WITNESS: I merely give that, as it was on my mind, as an indication of the present prospects for 1925.

By Mr. Montgomery, K.C.:

Q. You mentioned to me yesterday laying off a boat for the first time in 50 years: Is that the boat to which you referred?—A. No. I regret to say we fear the prospects this season are not going to be sufficiently encouraging to allow us to carry through our weekly service, which we have maintained for many years, and we have laid off one of our passenger ships at what you might call the beginning of the season, and I can hardly recollect summer season when we laid off a steamer of her description, except possibly last mid-summer, when things were so bad we were forced to lay off one of our ships for a voyage.

By Mr. Duff:

Q. Is that because the rates are too high, or because there is not sufficient business?—A. Both, I should say.

By Mr. Montgomery, K.C.:

Q. What I asked you, Mr. Hosie, before you gave us your answer, was as to the change in the character of boats. I understand you have had permanently-fitted boats as regards cattle, and boats that have been converted, and so on. If you will tell the Committee about the different classes of boats used for the trade, it might be of interest?—A. Well, I will indulge by referring more closely to my notes.

The CHAIRMAN: Do not do that. Indulge us all by answering the questions as directly as you can, because we will get on faster, and it is so much more interesting than having to listen to prepared statements, which are read. As a Scotchman, you will know the difference between a minister who reads his sermon and one who delivers it.

The WITNESS: Decidedly, sir. It is rather difficult just to butt into what I intended to say in a direct answer to Mr. Montgomery's question, but it was in my mind to refer to some of the facts in connection with the cattle situation. It will be within the memory of most here that the British Parliament prohibited the importation of Canadian store cattle in 1892—

The CHAIRMAN: We have a very lively memory of that, in this country, Mr. Hosie.

The WITNESS: —after which date animals from Canada when landed had to be slaughtered within ten days.

By Mr. Montgomery, K.C.:

Q. Has your line been engaged in the cattle trade prior to that time?—A. Yes. For many years.

Q. With boats specially built for that purpose?—A. That is so, and over a period of about nine to ten years the live stock trade was practically extinct as far as Glasgow was concerned; there might have been one or two odd shipments to Liverpool. The act of 1922 lifting the embargo came into force in April 1923, and since then there has been a decided improvement in the volume of live stock moving. In pre-war and earlier years our steamers were specially constructed and fitted for the carriage of live stock, but owing to

[Mr. David Hosie.]

the diminution and later the suspension of the cattle trade, as also to the havoc wrought by the Great War, many of the cattle vessels were lost or disposed of. Those now in the trade not only cost large sums to build but were costly to fit out, as also the cost of upkeep and operating to-day is much heavier than pre-war. Instead of comparing the rate of \$20 or £4/3/0 with the low rate of 30 shillings, which was an extremely low one, I think it would be more reasonable to compare this rate with that of 40 shillings to 45 shillings which was current during 1900 to 1904. I have had a list prepared of the rates charged during 1900 to 1912, and it averages nearer 40 shillings than 30; the exact figure works out about 36 shillings and ten pence. It was only for a short period in 1900 to 1910 that the rate was as low as 30 shillings. Against that, the cattle rate was as high as 47 shillings and 50 shillings, and I think the Reply issued by the Canadian Lines—I noticed one or two members of the committee with it—showed a maximum rate of 56 shillings. However, I am content with the 50 shillings. As I explained, from the years 1907 to 1911 the passenger steamers carried large numbers of cattle, and in those days the third class passenger fittings were movable, and on the eastbound passage those were removed and the space fitted with light stalls for cattle. This gave double earnings to the steamers; that is, passenger money westbound and live stock freight eastbound.

Q. What periods are you comparing?—A. 1900 to about 1912. No, 1907 to 1911.

Q. That is to say, at that time companies engaged in the cattle trade had their boats so arranged that cattle fittings were removable and third class passengers came over in the same space?—A. I should rather say the passenger fittings were removable.

Q. There has been a considerable difference in the arrangements, the relative arrangements as regards cattle and third class passengers, between those days and to-day.—A. Yes. The cattle fittings were of a light nature and were demolished, and usually destroyed at the end of each voyage, in those days.

Q. In any event, the result was that you got earnings both ways from the same space?—A. Yes, that is what I was coming to. The shipowner was in a position to offer his space cheaper. Nowadays this cannot be done, as third class passengers will not travel on steamers which carry cattle.

Mr. DUFF: I don't blame them.

By the Chairman:

Q. Even in the old days they could not travel in the same space on the same voyage?—A. No, sir; I am referring to Eastbound and Westbound.

The CHAIRMAN: Mr. Montgomery, have you a question to ask?

The WITNESS: Just in case that should be rather against us as a business proposition, I should like to say that we were not the only company in those days which carried passengers Westbound and cattle Eastbound, but the other companies in the trade did the same.

Mr. DUFF: That was good business, I would think.

By Mr. Montgomery, K.C.:

Q. That was the general condition of those days, as compared with to-day?—A. That is so.

Q. And in speaking of relative rates, that is one of the factors one has to bear in mind?—A. To-day?

Q. Yes.—A. Oh, yes. At least, it is a factor to bear in mind in the earnings of the ship.

By the Chairman:

Q. What did you say?—A. It is a factor to bear in mind in the earnings of the steamer.

[Mr. David Hosie.]

The CHAIRMAN: Now, Mr. Montgomery, we are ready for the next question.

Mr. MONTGOMERY, K.C.: I think the witness has something more to add.

The WITNESS: I was going to explain that the cattle were carried in two decks, but I think possibly that is superfluous after all the cross-questioning that has gone on previously. They were carried in the 'tween decks and on the upper deck, and in the case of a well-decked ship—I presume the committee is familiar with the term—the upper deck stalls are exposed, and must be much more strongly built. I understand that in the early nineties the under-deck stalls cost about \$3 to \$4 a head to fit, and well-deck stalls, in those early days, about \$7 to \$9 to fit. 1923 and 1924 and up to the present time under-deck stalls cost from \$7.50 to \$10 per head to fit, and the well-deck or exposed stalls from \$33 to \$37—I am speaking, of course, from our own experience of the latter period.

Q. Without going into the figures as to the comparative costs, which you are prepared to give, I understand?—A. Yes.

Q. What about the cattle business? You say the volume is developing. That is correct?—A. Yes, undoubtedly there is a greater demand. The demand began to improve during the latter part of 1924, I think it was, and I should say the demand is greater to-day than ever.

Q. Is the present rate situation one which is encouraging you, as an owner or as representing the owners, to cater to that trade and build or equip or convert other ships for it?—A. Well, from the experience of the last two years, from a financial point of view, if you consider that purely and simply, which I suppose is the main purpose we are in business for, without taking the view of trying to protect the goodwill and prestige of the service, one would say that there is nothing to encourage us to build fresh steamers.

Q. As regards the rate on cattle, the \$20 cattle rate, compared with other commodities, even low class commodities such as grain and flour, what have you to say?—A. The comparison of the live stock earnings to grain and flour?

Q. Yes.—A. Oh, I think—well, in fact I am fairly confident that has been brought out in the evidence of our own vessels; the grain and flour, where they are able to be stored in the same compartment as the cattle, will yield a higher percentage of earnings than live stock.

Q. You see, we are all interested; there has been considerable controversy in this country over the \$20 rate, and we would like to hear from you as to your point of view, as a British shipowner.—A. Well, there are several factors which one would require to mention. One I have already hinted at to-day, the heavy cost of the steamers, the initial cost of the steamers. Another is the heavy cost of fitting out the steamers. I have before me the costs of four of our vessels recently fitted—when I say recently I mean within the last two or three years—and the average works out about 87 shillings per stall. When I say “stall” I mean per head. I will not trouble you with the details, because you have possibly had enough details, but these can be furnished if wanted. Then, as I tried to explain, most of the vessels in former days were specially constructed. These have been lost, and between 1913 and 1921, the trade was practically non-existent, with the result that a new type of vessel was constructed, more after the nature of the big cargo carrier, with longer and wider hatches, additional winches, higher 'tween-decks, all to make a more broken deck space and thus considerably reducing the space available on the under-deck for the carriage of cattle. As an example of this, might I trouble you with a few figures comparing the *Laconia*, a very popular cattle carrier of 15 to 20 years ago with our *Parthenia* of the present day. She, of course, was built recently also. The dimensions of the *Laconia* were 401 feet by 49 feet; those of the *Parthenia*, 400 feet by 52 feet. They are very nearly the

[Mr. David Hosie.]

same size, with a little more beam in the Parthenia. The dead weight of the Laconia, 7,275 tons, the Parthenia, 7,850 tons. There you see the advantage of a modern ship versus an old one. 'Tween-decks space, 90,033 cubic feet in the Laconia, 115,711 cubic feet in the Parthenia. Height of 'tween-decks, Laconia, 7'6", Parthenia almost 8'. I think there is an inch less, 7'11", but make it 8 feet. Size of hatches, Laconia 14' x 14', 18' x 14', 10' x 14'. Parthenia, 26' x 16' x 30½' x 16', 28' x 16'. I might explain, in case someone should think that we have a ship not fitted and suited for this trade, that that is considered a very suitable size of hatch for the Canadian trade, and when you compare it with the standard steamer—I presume you all know that the standard steamer is a steamer built on the standard principle during the war by the Shipping Controller—their hatches are very much larger than those of the Parthenia. I think they run about 26 feet in breadth, although I am not certain on that point. Number of cattle in 'tween-decks, in the Laconia 352, Parthenia 300. Number of cubic feet per head, Laconia 255.7, Parthenia 385.7, showing 130 extra cubic feet per bullock on the Parthenia as against the Laconia, which is equal to a 50 per cent increase in space per bullock in the 'tween-decks of the Parthenia. This loss of space applies to much the same extent in the case of modern vessels specially built for the Canadian trade, as with the necessity of higher 'tween-decks, larger hatches, more winches, and other improvements necessary under classification regulations, she cannot carry as many cattle as a ship of 15 to 20 years ago. All these features have a bearing on the rate on cattle, but possibly the fairest test is as to the reasonableness or even cheapness of the \$20 rate, as compared with the earnings which would be made if the space were used for cargo instead of cattle. I worked out several examples. Take the case of the Parthenia. At present she carries 378 cattle in under-deck space, equal to 129,460 cubic feet. Add space for fodder stowed in the lower holds, 12,000 feet. Then in the Parthenia we have removed a quantity of cargo coal in the side bunkers under the bridge space to make more room for the cattle there, and have transferred that coal to one of the lower holds, what we call the "deep tank," so we have to include there 8,000 cubic feet of space which would be lost.

Mr. SYMINGTON, K.C.: Can we not put this in as an Exhibit and save all these details?

By Mr. Montgomery, K.C.:

Q. If you can shorten it, Mr. Hosie, without giving the particulars, and give us the results,—the committee have had a great many particulars about these comparisons, and I would like to know in the first place as to how the carriage of cattle compares with the carriage of general cargo, both as to the reasonableness of the rate from a comparative point of view, and then as to its profitableness in the last two seasons.—A. Very good.

Q. You can probably give a general answer from that.—A. I am just coming to that point now. Live stock earnings, for 378 cattle are \$76.64; that divided into the space available for cargo under-deck of 2,491 is \$3.03 per space of 60 cubic feet. Compare this with grain, 2/9 for grain, shows \$3.82 per space of 60 cubic feet; flour, at 22 cents shows \$4.93 per space of 60 cubic feet; and if the average of grain, flour and general cargo over last season is taken, it yielded us 23/9 of 50 cubic feet. If we take that comparison it shows \$6.80 per space of 60 cubic feet; or even if you compare the freight earnings of the two decks, cattle, that is on deck and under-deck, we have a comparison as follows; 516 cattle, \$20, \$10,320. Cargo space, allowing nothing for well deck space where deals or other deck cargo could be stored, shows 2,541 tons divided into live stock on two decks, an average of \$4.06 per 60 cubic feet, which rate is better than grain at 2/9 but still lower than flour or

[Mr. David Hosie.]

the combined average of grain, flour and general. It should be noted than 'tween deck space, occupied by cattle, is the best paying space of the steamer, as it is here the higher rated commodities are stored in their season; meat, apples, eggs, cheese, all of which would yield very much higher freight earnings than grain, flour or the combinations referred to. Other vessels worked out on the same basis in respect to 'tween decks, cattle over cargo show "The Concordia," \$3.23 per 60 cubic feet.

The CHAIRMAN: Do you think it is necessary to go into all these different comparisons?

The WITNESS: I am just finishing. "The Kastalia," \$2.33; "Salacia," which is just being fitted, \$3.10 per 60 cubic feet, all of which are lower than the equivalent of grain.

Mr. MONTGOMERY, K.C.: You must realize, Mr. Chairman, that this witness has come a long way. It is their whole life and they are threatened to be put out of it.

Sir HENRY DRAYTON: Let him go ahead.

Mr. MONTGOMERY, K.C.: They are the founders of this trade so far as Canadian interests are concerned. They have been in it all their lives.

The CHAIRMAN: I am sure that neither the witness nor the counsel think we are unduly interfering.

The WITNESS: In those figures quoted no allowance has been made for the expense in connection with the cattle. I will not trouble you with details. We estimate, in the case of the Parthenia, that for those two deck loads of cattle, 517 cattle, we would require to expend about £802. £802 are the charges of the voyage.

By Mr. Symington, K.C.:

Q. How many cattle?—A. 517. In addition to that we would have a deviation either from Glasgow or Liverpool, to which ever port we should take the cattle, to our final port of discharge, where we cannot get a cargo, in the ports which are selected—cattle always would be there; from £400 to £500 extra are deviation charges. That I think has been referred to in the statement before you in connection with your own vessels.

By Mr. Montgomery, K.C.:

Q. What has been the condition of freights, Mr. Hosie, in the past few years and the prospects as regards the present year?—A. During the past two years they have been very perplexing and very serious. When we came to the end of the year 1923 we were faced with a loss in our Canadian trading and in 1924 we had a small profit.

Mr. SYMINGTON, K.C.: I am objecting.

Mr. MONTGOMERY, K.C.: Just a second. You want to object?

Mr. SYMINGTON, K.C.: This is broadcasted around through the newspapers. The objection I make is that these statements are going to be announced and will create an impression, when I am not satisfied that they are correct and have no chance of so proving.

Mr. MONTGOMERY, K.C.: If you wish to hold a meeting in camera I am prepared to go into it now.

Mr. SYMINGTON, K.C.: I am submitting to you to-night what the auditor requires from these people and what his views on the subject are.

The CHAIRMAN: I think Mr. Montgomery realizes how unfair it would be to allow statements of losses to go offhand to the public without an opportunity of having the cross examination of these facts go forward to the public.

[Mr. David Hosie.]

Mr. MONTGOMERY, K.C.: Where does it leave us with regard to making proof? I realize it is an inquiry where we have to allow a certain amount of give and take but you must appreciate too how difficult it is to make evidence as to whether the rate is profitable or an unprofitable one or as to whether the shipowners have been making such gross and unusual profits as would justify an appearance without saying so. I am perfectly prepared, if it is the desire of the Committee and it is considered at all unfair that the general statement should be made, that the arrangement should stand, as the voyage accounts have been filed. Does my learned friend question that?

Mr. SYMINGTON, K.C.: Yes, very distinctly.

Mr. MONTGOMERY, K.C.: That the Donaldson Line have not furnished statements?

Mr. SYMINGTON, K.C.: Yes. I might say the first statement the auditor is asking for is a statement showing gross income per voyage, also expenses actually controllable by especially setting forth the total operations and an estimate of the expense of the overhead, brokerage or commission.

By Mr. Montgomery, K.C.:

Q. What is it you have submitted to the auditors?—A. I think I have submitted all the information that is asked for there. I would like to ask Mr. Scott as to what is meant by it. I think he could gather all the information from our returns.

Q. My learned friend suggests that you have not submitted your voyage statements?—A. I might explain that I only got four days' notice to come here and naturally had very little time to gather particulars. We prepare for our management a vitimus, showing the various expense—

By the Chairman:

Q. I did not catch that word?—A. A vitimus. What we call a vitimus.

Q. Explain what that is?—A. A small statement; not exactly a small statement; a statement of the expenses and earnings of the steamer, under the earnings grouping.

Q. Is that a Scotch legal term?—A. No it is a Latin term.

The CHAIRMAN: Is it familiar to you, Mr. Montgomery?

— Mr. MONTGOMERY, K.C.: I never heard of it.

The CHAIRMAN: The three of us are lawyers and we have never heard of it. It must be a Scotch legal term.

The WITNESS: It may be. These, as I explained, are prepared for our management and I just simply threw the bulk of them into my trunk in coming away.

Sir EUGENE Fiset: It means the essence of the statement he is preparing, the details of the statement he is preparing for your information.

The WITNESS: I have handed these statements over to our friend Mr. Scott, and I think you will see from them that they were not even prepared for this inquiry and that you are getting very private information, which only comes before our directors; on that account I am rather jealous that these particulars should be kept strictly confidential and I have the assurance of the Committee and the various professional gentlemen handling them that they will be treated in that spirit. I would be delighted to show them to the Committee but I would specially request a private hearing for that occasion.

Mr. SYMINGTON, K.C.: I would suggest, that as to whether anything is profitable or not, we should have a private hearing. They are seeking privacy.

[Mr. David Hosie.]

Mr. RINFRET: It is now half past five and I know some of the gentlemen want to take the train at 6.00 o'clock and as there seems to be some different conceptions as to the manner in which this evidence should be taken, you might adjourn and have a longer sitting next week. That is my suggestion.

The CHAIRMAN: What do you think of that? Is there any other witness we could go on with, Mr. Symington?

Mr. SYMINGTON, K.C.: I think my learned friend is through after this witness.

The CHAIRMAN: Are there any other points that we could go on with? Of course, I can see the difficulty we are in and I must say I see Mr. Symington's point too, which I must say I concur in.

Mr. MONTGOMERY, K.C.: We are getting very generous statements that have been made and that are going broadcast.

Mr. FLINTOFF: Surely we are to be allowed the same latitude that has been exercised against us.

Mr. SYMINGTON, K.C.: Your reply has been broadcast.

The CHAIRMAN: I really think—and I speak without having consulted the members of my Committee—that we will get on faster at a private hearing where there would be no objections to questions.

Mr. MONTGOMERY, K.C.: I agree to that.

The CHAIRMAN: How about Tuesday morning? I would like to have more than one sitting a day next week. We must hasten matters.

Mr. SYMINGTON, K.C.: When my learned friend gets through, the evidence will be from people outside Ottawa.

Mr. MONTGOMERY, K.C.: I understood you were going to put on Mr.—What is his name?

Mr. SYMINGTON, K.C.: I am not putting on anybody but I am explaining to the Committee that next week evidence will be from people out of the city brought here or coming at some expense; and therefore, so far as possible, if the Committee can see its way clear to sit and get through next week, because these people will be sent here from probably as far West as Winnipeg and as far East as the Maritimes, I would ask that the Committee will sit twice a day.

The CHAIRMAN: Counsel is at one with the Chairman in the desire to hasten matters and have more than one sitting a day. Could we have a sitting on Monday morning?

Mr. MONTGOMERY, K.C.: Monday is the only day we have in the office and we are in awful shape.

Mr. SHAW: I understand this gentleman has come from Glasgow.

The CHAIRMAN: Of course the witness will be glad to get through as quickly as possible.

WITNESS: I certainly will.

Mr. SHAW: I presume we will easily finish with this witness next week and let him go away.

Mr. MONTGOMERY, K.C.: He will have to be here for these other witnesses.

Mr. SYMINGTON, K.C.: Perhaps these documents I am now handing to my learned friend from Mr. Scott will keep him busy over the week-end.

Mr. MONTGOMERY, K.C.: I hope not.

Mr. SYMINGTON, K.C.: These are documents the auditor asked me to hand to him. I have no doubt the answers to many of them will require a private hearing.

The CHAIRMAN: What about meeting in the afternoon and in the morning?

Sir EUGENE Fiset: Give us a chance in the morning, Mr. Chairman.

Sir HENRY DRAYTON: I do not mind working all the time, Mr. Chairman, but I am in the same position as some others, namely, that we cannot be in two places at once. We are supposed to be looking after a special Committee on Railways as well. We are not to blame for the manner in which the business is being subdivided this year, but it is quite impossible to be in two places at a time. I am willing to sit all the time, morning, noon and night, so long as we do not have a conflict between this Committee and another Committee which is dealing with somewhat the same subject.

The CHAIRMAN: If we are going to sit twice a day, if we sit from half past three until six o'clock, then resume at eight and sit until ten o'clock or half past ten, we will get as much work done as we can attend to.

This Committee will therefore stand adjourned until half past three o'clock Tuesday afternoon next.

The witness retired.

The Committee adjourned.

Special Committee appointed to consider the
Resolution
to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 14—Tuesday, May 12, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. William T. R. Preston, Ottawa, Ont., Gentleman.

EXHIBITS

No. 68—Sessional Paper No. 45. Report re North Atlantic Steamship Combine by W. T. R. Preston. December 31, 1924. Filed by W. T. R. Preston (French and English)

No. 69—Order in Council No. 285 dated February 28, 1924. Appointment of Mr. W. T. R. Preston. Filed by Mr. W. T. R. Preston. (Read into evidence).

MINUTES OF PROCEEDINGS

COMMITTEE ROOM No. 277,
HOUSE OF COMMONS,
TUESDAY, May 12, 1925.

The Committee met at 3.30 o'clock p.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork—14.

Mr. William T. R. Preston, Ottawa, Gentleman, who was in attendance, was called, sworn, examined and retired.

During the course of his examination Mr. Preston filed Exhibit No. 68, Sessional Paper No. 45, "Report re North Atlantic Steamship Combine, dated December 31, 1924. (Printed in pamphlet form in English and French); Exhibit No. 69, "Order in Council No. 285 dated February 28, 1924" which was read into the evidence.

The Committee adjourned at 6.05 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m. the Chairman Mr. McMaster, presiding; all Members of the Committee being present.

Mr. William T. R. Preston, who was again in attendance, was further examined and retired.

The Committee adjourned at 10.40 o'clock p.m. to meet again at 3.30 o'clock p.m. to-morrow, Wednesday, May 13, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 277,
HOUSE OF COMMONS,
TUESDAY, May 12, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum and the Committee will please come to order. Mr. Montgomery, have you any questions you wish to put to Mr. Hosie?

Mr. MONTGOMERY, K.C.: I understood his examination was to be suspended for the time being. I think the only question was that Mr. Hosie was somewhat worried by a statement in the paper that he had made a small profit in 1923, but the details of that will be brought out at the private hearing.

Mr. SYMINGTON, K.C.: Have my friends got any material for us to-day?

Mr. MONTGOMERY, K.C.: Mr. Hosie just draws my attention to another matter. On page 467 of this evidence, where he is asked by Mr. Duff, "Is it because the rates are too high or because there is not sufficient business?" and he says that he understood Mr. Duff's question to be "too low;" the answer was, "Both, I should say," and it is reported as being "Too high."

Mr. SYMINGTON, K.C.: Has my friend any material—White Star or otherwise—to hand over to us?

Mr. MONTGOMERY, K.C.: Major Currie tells me he has received the White Star's, and has turned them over to Mr. Young to turn over to Mr. Scott. Mr. Young seems to be the liaison officer, in that transaction.

Mr. SYMINGTON, K.C.: How about the request made for the other lines?

Mr. MONTGOMERY, K.C.: I looked over one set of questionnaires yesterday, and the great part of it is material which constitutes a memorandum for the instruction of counsel, and those are matters of detail in connection with management which, if answered, might call for a criticism from the management. However, they are matters upon which this witness can be examined by my friend in the hearing which it is proposed to have in camera. They are not matters that affect the figures in Mr. Scott's accounts at all. My suggestion is that they should be taken by the Committee and be disposed of, and if, after hearing the explanations, it is the judgment of the Committee that anything further is required, the matter can be taken up then. I do not think it is wise to put those matters in writing for the accountant, nor can I see how it affects the compilation of the figures which Mr. Scott is making. I understand he draws attention to a number of items which he thinks might be open to question, but they are matters for cross-examination, and not matters which go into the compilation of the figures.

Mr. SYMINGTON, K.C.: These demands were prepared by Mr. Scott. I know nothing about them. I think the first requisition, for instance, in every one, is this:

"Will you please produce a statement showing the gross income per voyage from freight, with other receipts separated, also expenses actually controllable by Master of the ship, setting forth the details of these disbursements, and before apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions."

It says, "Please produce." That is what the auditor is asking for. It is my understanding these are what we understand as "voyage sheets." I am not asking to have them produced here, but this Committee will recognize that time is getting on and unless we get these things, our accountant will not be able to do what he wants to for this Committee. It seems to me we must soon come to a decision. We have been after these voyage sheets since the first day of the Committee, and apparently we are no further ahead. If they cannot furnish these, they cannot, but I think we should know.

Mr. MONTGOMERY, K.C.: My learned friend and the accountant have every bit of material we have here. Now, they want sub-analyses of different things. If they are desired by the Committee and are found to be necessary, it is material which will have to come from the other side. Mr. Hosie, the only witness from the other side so far examined, said that he brought out a summary of the actual voyages, and if anything further is required, it will have to come from the other side. The Committee may, after hearing the witnesses who are present, upon their accounts, decide it will be necessary to send Mr. Scott over there to get details and separations of different items, but I do not think that will be necessary.

Mr. DUFF: Your argument is they have the voyage sheets, but not the details?

Mr. MONTGOMERY, K.C.: I do not know whether you have had the opportunity of seeing any of them, Mr. Duff. Mr. Hosie's were about the only ones I saw, and they are just about as they kept them for themselves. Mr. Hosie explained to me that the only other sheets in existence, or which ever were in existence, are in great big books—he showed me the size of them—larger than this table, from which the information can be obtained, but it would have to be made up. These are the only sheets gotten out as voyage sheets. The suggestion has been made by my learned friend that these are special statements prepared for this Committee. I have not seen them all, and I am only speaking of the ones I have seen, but my instructions are that these are the actual voyage sheets as they prepare them. For the other things, we would have to go back to these very large books on the other side. They can be prepared. I would like to make the suggestion that Mr. Scott should first compile the result of the figures which he has, and we could have a hearing in camera just as soon as that work is done, and if there are items which to you seem to require further explanation, after hearing the witnesses upon them, or you are not satisfied with the explanations given, there will be one of two courses open, either my learned friend can criticize certain of the items as being too high, or the Committee can decide whether it wishes to take the time and go to the expense of getting these details from the other side, which is the only place from which they can be procured. If you go down the thing, that one of the management agreements, of the details as to the intercorporate relations and a whole variety of stuff between the management of these several companies all of which, when the time comes, I will suggest that this is not an inquisition and that they have not had fairly the questions as to whether or not these steamships are charging such excessive rates as called for action on the part of the Government, and the form of action that is required and that you need for that purpose. It is not a question, in your opinion, whether one item should be higher or lower. My learned friend said the other day they wanted to know what kind of boats, what type of boats paid best, what kind of cargo pays best and so on. I think if you were sitting on the other side, assuming the responsibility of administering one of these steamship companies and considering the position of Canada—I am not concerned with parties—that Canada herself was operating competing lines, that she was proposing to subsidize another competing line, you would feel it would be hardly fair to give all the information necessary to determine what type of ship was the

best paying ship, what kind of cargo, how to make up your cargo to get the best results and so on; so I do not think the intention of this Committee is to ever require anything of that kind. I quite appreciate you were very much interested in finding out in a general way whether the operations of these steamships exhibited rates of freights which were excessive and which required some control, but I never understood that you proposed to ask for information of that kind. Instead of discussing these things generally my submission is that it would be very much better to have these figures, which are the only figures on this side compiled and we could have our meeting in camera and could discuss this matter much more intelligently than we can in a general way.

Mr. DUFF: Do I understand you have not seen these?

Mr. SYMINGTON, K.C.: I have seen them, yes. What we want is what is ordinarily known as a voyage sheet. These other things are explanations which he is putting to them, showing to them wherein he does not think their accounts show full details. He has asked for a statement showing the gross income per voyage, from freight, with other receipts separated, also expenses actually controllable by the master of the ship. By way of explanation he does not want anything apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions. You have so much; you pay so much for wages; for unloading. Let us see the picture and we will deal with overhead and depreciation afterwards. My learned friend says "let him deal with Mr. Young's statement." I can only say to this Committee that Mr. Scott informs me that Mr. Young's statement, in his judgment, in no way paints the picture of the North Atlantic trade and cannot be relied upon for information at all as showing the conditions of carriage. May I point out that their answer throughout this investigation has been that the rates are not unduly high "because we do not make money." The information with respect to whether they make money or not is in their possession; it is not in ours. The very first day of this investigation we made it very clear that we wanted voyage accounts and voyage accounts which showed rates and disbursements, not combered by brokerage, commissions, management expenses, sundries, etc., which go toward getting the business—internal management, arrangements between owners and operators, where the operators are not the owners and that sort of thing. We have to get the actual receipts, the actual disbursements controllable by the master of the ship and then we can tell whether it is a remunerative traffic or not.

Mr. DUFF: You have to add the proportion to the other—

Mr. SYMINGTON, K.C.: Quite true, but we want to see how they are added and where they come from.

Sir HENRY DRAYTON: Would it not save a lot of time if we discussed that at our meeting when we are going over the evidence? I think we had better have this meeting in camera which we have arranged to have at an early date and settle these things. We have to see the papers ourselves. It is the Committee's responsibility and we cannot side-step it.

Hon. Mr. SINCLAIR: We had the statement of the accountant given to us by Mr. Symington. We will take the accountant in open meeting. That is why we got the accountant.

Sir HENRY DRAYTON: We will have to go into the books. I do not see how we can get on at present.

Mr. SYMINGTON, K.C.: The accountant says it will not produce a picture which will paint an actual condition of the North Atlantic situation.

Mr. MONTGOMERY, K.C.: Mr. Hosie is asked the same thing, "Expenses actually controllable by the master of the ship, setting forth the details of

these disbursements and before apportioning any estimated expenses, management or general office, overhead, brokerage or other commissions."

Sir HENRY DRAYTON: We are not getting anywhere by having contradictions one with the other now. We are only wasting time.

Mr. SHAW: Why not call Mr. Scott to-night?

Mr. SYMINGTON, K.C.: Mr. Scott is down going over the Merchant Marine office to-day and I do not think he could be here to-night. If the other lines give us the information the Merchant Marine, in their forms, gave us, we have no other requisitions. The results of the Merchant Marine investigation are perfectly clear and satisfactory so far as giving information is concerned.

Mr. MONTGOMERY, K.C.: As regards one of the lines, the Canadian Pacific, I think after Mr. Scott has looked through these accounts he will have secured the fullest information.

Mr. SYMINGTON, K.C.: I put in no requisitions on the C.P.R.

Mr. MONTGOMERY, K.C.: My statement is that after Mr. Scott has gone over the C.P.R. books he will find a great deal of the information he wants and will be able to judge upon what other points he will require information and he will be able to see whether such items are out of line or not. Otherwise if he wants to examine all the managerial agreements on the other side it cannot be done here. Except possibly the C.P.R. he has been over everything that is accessible there.

Mr. DUFF: That is as to the voyage sheets?

Mr. MONTGOMERY, K.C.: If you could have one of them it could show us much better what we are talking about.

The CHAIRMAN: I wonder if Mr. Scott could not get up here by nine o'clock to-night. If he could get the 5.00 o'clock train he could be here at half past eight. We might have a meeting of the Committee at 9.00 o'clock and we might have that meeting in camera and Mr. Scott might convince the Committee of the matters on which he requires further information; then we would settle the matter once and for all and the lines will tell us whether they will or will not give us that information.

Mr. MONTGOMERY, K.C.: I think it will be of assistance to the Committee in forming a conclusion upon it if the representatives who are here could be asked these questions to show what information they had and it could be obtained and no delay will be entailed in getting it or any form of better information. As to whether or not they required all that, my own opinion is that a great many of these things will be eliminated after Mr. Scott has gone through them.

Mr. SYMINGTON, K.C.: We have to go through these accounts. I do not care what Mr. Hosie or anybody else says. The voyage accounts from which you can get that information are not here. If any member of the Committee will come up to room 663 they will have no difficulty in seeing wherein the difficulty lies. I have only made a demand for voyage sheets; we have not got them; so I am simply stating that that is what we want produced, otherwise Mr. Scott will not be able to present to the Committee what he considers a correct statement of the North Atlantic traffic.

Mr. DUFF: I thought it was understood that the agent of the steamship companies were going to see Mr. Scott and see what he wanted.

Mr. SYMINGTON, K.C.: I hurried to get these out on Friday, hoping they would be delivered to-day. Mr. Scott went down to Montreal with you all. These were delivered the last thing Friday night. The voyage accounts are not here for all the companies. Some have voyage accounts and some have not voyage accounts. Some have abstracts, showing what the results were.

Hon. Mr. McMURRAY: Do you say that some of these have not kept voyage accounts at all?

Mr. MONTGOMERY, K.C.: No, I did not make any such statement.

Hon. Mr. McMURRAY: Where are they?

Mr. MONTGOMERY, K.C.: On the other side of the water. Anything that is here, like the C.P.R. accounts, have been fully thrown open to him and anything that they have over here is available to him but, we cannot physically produce stuff that we have not got.

Mr. SYMINGTON, K.C.: At any rate the answer made is that the voyage sheets, in the sense in which the auditor asks, are not in your possession and you cannot furnish them?

Mr. MONTGOMERY, K.C.: The only ones I saw were those that Mr. Hosie had and they looked like voyage sheets, but I do not profess to be an expert in those matters. There are others on this Committee who can judge that better than I can. All I can state is that my learned friend is welcome to everything we have and if more is to be obtained they can be obtained from the other side.

Mr. DUFF: You are quite satisfied to produce them?

Mr. MONTGOMERY, K.C.: All that we can do is to ask. Undoubtedly you will find different lines taking different views over there as to what it is they wish to put forward and table in public over there. Their conference agreements do not extend to points where they would be all agreed on what matters they would wish to place publicly on record, and we could not accept responsibility for that.

Mr. SYMINGTON, K.C.: So long as they understand that their own rates are reasonable and they have not shown it—

Mr. MONTGOMERY, K.C.: There has not been a statement that has been presented to the accountants that not only has been certified to by their own auditors as being correct but which have been personally checked and certified by Price, Waterhouse and Company. If my learned friend wishes to ignore and take no account of the certificate of a firm of International repute like that, I will not seek to convince him, but I do not think that people who are familiar with the reputation of these firms will so lightly disregard the certificates they give.

The CHAIRMAN: There is no question about the correctness of the certificate of these firms. To my mind, the whole idea is to find out whether the business is profitable or not and it must be based on the voyage and what it costs them to carry goods.

Mr. MONTGOMERY, K.C.: I think you will find it voyage by voyage, because a certificate has been given showing they have been gone over and checked by Price, Waterhouse and Company and rechecked where they were not the actual auditors of the Company concerned.

Mr. SYMINGTON, K.C.: Produce just what I am asking for now, and my learned friend need not worry about my view of his certificate or anything.

Sir HENRY DRAYTON: Cannot we stop this? Cannot we go ahead on something else in an ordinary way? Mr. Shaw has suggested that we can get to the bottom of things easily when we have the accountant before us and the books before us. I think we had better proceed with another line, hoping that we will clean up the situation when the auditor comes. The suggestion I would like to make would be to have him compile the certificates which he has, and verify the matters he has not been able to arrive at.

Mr. SHAW: It seems to me the suggestion which has been made is the only logical thing. We must have the auditor here. There is a dispute as to

whether or not the records already furnished are adequate. He claims they are not. We must find out whether they are adequate, and what further information we want, and the Committee will be able to make exactly the requisite order. I would suggest that in view of the fact that we require this information we should seek to have Mr. Scott here, if possible to-morrow, and the Committee can make whatever order is necessary.

The CHAIRMAN: It was drawn to my attention that he had a very heavy day's work on hand and that he cannot be here to-day. I understand, Mr. Montgomery, that you will have some further evidence to bring out by Mr. Hosie in camera.

Mr. MONTGOMERY, K.C.: Yes, Mr. Chairman. I understand that, but the others will be examined upon the details.

Mr. SYMINGTON, K.C.: My learned friend has some further evidence and some further information to bring out as to third class passenger rates, steerage rates, and so on, also the gentleman who prepared the reply has stated that he would be here; in fact, looking through the record, there are a lot of things they intend to do, but I do not know whether they intend to do them all or not. In fact they are not considered to have closed their case as yet.

The CHAIRMAN: That is the understanding.

Mr. FLINTOFF: As far as the gentleman who prepared the reply is concerned, there may be some questions that have not been covered, but that those who have actually dictated the reply will be able to cover. I would think that, generally speaking, those who are here are able to cover the ground without calling any more officials. I do not know if my learned friend Mr. Symington has any particular line of information he wants to get at; if he will tell us what he wants to know, for instance, who signed the reply, we will be glad to furnish the information.

Mr. SYMINGTON, K.C.: I am only making it clear to my learned friends that they wanted to call other people. I do not care, it is still open to them, they are not closed at present.

The CHAIRMAN: If we were proceeding before a court, it would not be held that one party had closed his case.

Mr. FLINTOFF: No, sir, that is so.

Mr. DUFF: Mr. Cleminson spoke about some evidence Mr. Cairns was to give. Is Mr. Cairns going to come on later?

Mr. MONTGOMERY, K.C.: Mr. Cairns is here; he does not want to duplicate anything, but he is here in attendance and will be available.

W. T. R. PRESTON, called and sworn.

By the Chairman:

Q. Your full name, Mr. Preston?—A. William T. R. Preston.

Q. You are of full age?—A. Full age. Before Mr. Symington asks a question. Mr. Chairman, perhaps you will permit me to say one word, in view of the adverse criticisms regarding myself in other places, things that have been said overseas, and others since the Government made the announcement that I was appointed to look into the North Atlantic Shipping Conference, and of the whispering also that is going on here now, I want to say to the Committee that in the forty-seven years I have been in public life in this country I have not been guilty of a single act in any part of my conduct inconsistent with the highest principles of honour and integrity, and I have no desire whatever that anything shall be kept back from this Committee in regard to any question any member of the Committee may wish to ask.

[Mr. William T. R. Preston.]

Sir HENRY DRAYTON: I hope this speech is not made for political effect. You had better forget all the things that are said to have taken place. There is no good going over them now.

WITNESS: Certainly not.

By Mr. Symington, K.C.:

Q. As I understand your statement, you are not adverse to anybody asking you any questions whatsoever?—A. Certainly.

Q. Mr. Preston, how long have you been connected with ocean shipping matters?—A. 25 or 27 years.

Q. In the year 1913 Sir Henry Drayton made an investigation into the matter; were you associated with him in that?—A. Well, I had some personal associations with him, not official.

Sir HENRY DRAYTON: I asked Mr. Preston to get some information for me; he could not get it. I don't know whether it was his fault or not.

By Mr. Symington, K.C.:

Q. You got some information for Sir Henry in respect of that matter?—A. I did.

Q. You made certain investigations in connection with a report which you made on December 31st, 1924?—A. I did.

Q. How long were you engaged in those investigations?—A. From early in February.

By the Chairman:

Q. Of what year?—A. 1924, until I think some time in October of the same year, and the report was made finally shortly after, on the 31st of December.

Q. Were your investigations conducted in Canada alone?—A. No, overseas.

Q. I produce to you, Mr. Preston, a report (shows to witness); is this the report you made to the Minister?—A. It is.

Q. In French and English?—A. I can speak for the English.

Mr. SYMINGTON, K.C.: Mr. Chairman, I will file one copy in English and one in French. It is a report re North Atlantic Steamship Combine, by W. T. R. Preston, dated December 31st, 1924, printed by order of Parliament.

Exhibit No. 68: Sessional Paper No. 45, Report re N. A. Steamship Combine, by W. T. R. Preston, Dec. 31, 1924.

By Mr. Symington, K.C.:

Q. Now, Mr. Preston, with respect to this report, exhibit No. 68, are the facts therein stated by you true, to the best of your knowledge and belief?—A. They are. Perhaps I might be pardoned for making a reference to the first and second passenger fares, along towards the end of the book. Those were the figures given to me. I think they are probably a little greater than the actual figures are, but it was an error, if any, on the right side.

Q. That is on page 23?—A. On page 23.

Q. In discussing passenger and emigrants' fares?—A. Not emigrants, passengers.

Q. The heading says "Passenger and Emigrants' Fares?"—A. Yes.

Q. Where you say,

"The pre-conference fares were:—

Saloon (1st Class), \$90 to \$100."

Do you want to make a change in that?—A. I have been told since that they were from \$70 to \$100.

[Mr. William T. R. Preston.]

Q. "Cabin (2nd Class), \$45."—A. That is said to be \$40.

Q. Those were pre-conference fares?—A. Yes.

Q. You really gave the pre-conference fares as higher than you now think they were in fact?—A. Yes.

The CHAIRMAN: The discrepancy was greater than it appears.

Mr. SYMINGTON, K.C.: Yes, sir, greater than it appears.

By Mr. Symington, K.C.:

Q. Is there any other correction, Mr. Preston, you desire to make in this report?—A. No. That information was according to what I had at my disposal then.

Q. Are the comments and conclusions therein justified, according to the best of your judgment, belief and information?—A. I think they are.

Q. I am not going to take you through this report, because I think it has been widely read. I have summarized a few of your conclusions, and I want to see if you agree with those conclusions:—(1) That there is a combine controlled outside Canada that controls ocean rates to and from Canada.—A. That is correct.

Q. (2) That the control by the combine is a serious obstacle to the development of the foreign trade of Canada.—A. That is my opinion.

Q. (3) That the great mass of the Canadian population have a common interest in the early solution of this problem.—A. Yes.

Q. (4) That the emigration movement vital to Canada is seriously affected by the extra large increase in emigrant rates, namely, from \$17 to \$84?—A. Yes.

Q. (5) That over a series of years and in spite of previous efforts no solution of this serious situation has been found?—A. Correct.

Q. (6) That to meet the situation some strong competition must be secured to free the Canadian people from the monopoly of the North Atlantic Steamship Combine?—A. That is my opinion.

Q. (7) That the North Atlantic Combine is an obvious menace to the natural development of the export trade of the country and a serious deterrent to the prosperity and welfare of the Dominion?—A. I believe so.

Q. And within this report exhibit No. 68 are some of the results of your investigations, which lead you to these conclusions?—A. Quite so.

Q. Are you prepared to make these statements now, as you are under oath?—A. Quite so.

Mr. SYMINGTON, K.C.: Take the witness.

By Mr. Montgomery, K.C.:

Q. You have told us, Mr. Preston, that you were engaged upon this report from early in February until some time in October, 1924?—A. Yes.

Q. Under whose instructions, or under what instructions?—A. The Minister of Trade and Commerce.

Q. Reference is made in the early part of the report, in the opening sentence, to an Order in Council. It might be convenient to have it filed. Have you got it here?—A. No, I have not.

The CHAIRMAN: If you wish, Mr. Montgomery, we will have it filed. We can always get it.

Mr. MONTGOMERY, K.C.: I have an uncertified copy of the Order in Council here. The Order in Council I see is dated the 28th of February, 1924.

By Mr. Montgomery, K.C.:

Q. That is the one to which you refer, Mr. Preston?—A. That is the one to which I refer. I left on the 26th of February.

[Mr. William T. R. Preston.]

Q. I assume your duties were those set out in the Order in Council?—A. Practically.

Q. You are familiar with the terms of the Order in Council?—A. Yes.

Q. —

"28 February, 1924.

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The Committee of the Privy Council, on the recommendation of the Minister of Trade and Commerce, advise that Mr. W. T. R. Preston be employed to investigate the alleged discrimination in freight rates covering Canadian shipments from Atlantic Seaports, and also regarding the alleged combine in connection with such shipments in marine insurance, and to report on these subjects to the Minister of Trade and Commerce.

The Committee, on the same recommendation further advise that subject to instructions of the Minister of Trade and Commerce, and while employed on the above work, Mr. Preston be paid remuneration at the rate of Fifteen Dollars (\$15) per day for each day actually employed on the said work; and also that he be allowed for the time necessarily spent in travel while carrying on such work a living allowance not to exceed an average of Ten Dollars (\$10) per day, in addition to actual cost of transportation while so employed.

(Sgd.) E. J. LEMAIRE,
Clerk of the Privy Council."

In the first paragraph of your report you say:

"Upon receiving instructions based on the Order in Council, signed by His Excellency the Governor General, to inquire into the operation of an alleged North Atlantic Steamship Combine,"—

I assume that is the Order in Council to which you refer?—A. That is the Order in Council.

The CHAIRMAN: Do you wish to produce it, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I think it might as well be produced.

Exhibit No. 69: Copy of Order in Council, dated February 28th, 1924.

By Mr. Montgomery, K.C.:

Q. You had in fact left the country two days before the Order in Council was passed?—A. I understood it was passed the day I got my instructions. I did not know until afterwards of the formal ratification of it, I think two days afterwards.

Q. You spoke of getting instructions; are those the instructions set out in the Order in Council?—A. They were verbal. I think there was a draft of the Order in Council shown to me at the time, but of that I will not be quite clear.

Q. I would like you to be clear upon this point, as to whether that fairly sums up what your instructions were, if they were verbal, namely, that you were employed to investigate the alleged discrimination in freight rates covering Canadian shipments for Atlantic seaports and also regarding the alleged combine in connection with such shipments in Marine Insurance?

Mr. SYMINGTON, K.C.: We had better have this checked up. It looks as if it should be "and".

The CHAIRMAN: We will secure a certified copy. The Clerk made that suggestion himself.

Mr. MONTGOMERY, K.C.: That substantially sets forth what I wish to ask just now.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Prior to leaving for the other side, just what had you been engaged on in the month of February?—A. I don't think anything particularly that is of public interest.

Q. I am not asking about your private vocation. It is only that you made the remark that you had been engaged on this report from early in February and I merely wanted to know what work you had been doing during the earlier days of February.—A. Well I reached London about the 12th February I think.

Q. You reached London about the 12th February?—A. Yes.

Q. I thought you said you sailed on the 26th?—A. On the 26th January.

Q. You sailed from here on the 26th January?—A. On the 26th January, yes.

Q. That is considerably over a month before the Order-in-Council was passed?—A. No, the Order-in-Council was passed on the 28th. No, wait a moment.

Q. I do not want to mislead you. The Order-in-Council is dated the 28th February.—A. The 26th February is what I stated in the first place, Mr. Montgomery, that I left Ottawa. Pardon me, let us get the date correctly: the 26th February, the Minister told me; and I left on the 27th. That was it.

Q. Does that also correct the answer you gave in the first instance, that you had been engaged in this from early in February?—A. No, it should be early in March.

Q. Then do I take it that you got your instructions and that you were first advised of your appointment to this task on the 26th February, and left the same day?—A. No, I left the next day.

Q. That brings us to the 27th.—A. The 27th. I just said so.

Q. So that we can first dispose of the suggestion you made to my learned friend that you had been engaged on this report from early in February, that is not correct?—A. That was a slip of the tongue in respect to February.

Q. We will get the facts. Then the first intimation that you had that you would be required to make a report of this kind, was on the 26th February?—A. Oh, no, no; that had been talked of.

Q. I will clear this up in a minute or two and I do not want to ask a lot of questions.—A. The matter had been talked of for some little time, Mr. Montgomery. I had had a good many interviews with the Minister, but I don't know that I had any with him in February. I could not tell you as to that.

Q. Was it in January then?—A. I really could not tell you. I cannot fix the days. Although we had discussed the matter a number of times.

Q. That is terribly indefinite you know.—A. I think it is fairly definite as to the fact.

Q. Was it in the year 1924, or '23 or '22?—A. It may have been in the early part of '24. I would not be certain.

Q. And you cannot be certain that it was not in 1923?—A. No, I would not say it was not in 1923.

Q. Were you in the Government employ prior to that time? I mean immediately prior?—A. No, not immediately prior.

Q. Then as you were to be paid on a par diem basis at the time you undertook the work, perhaps your accounts will show the dates, if we want to get those fixed precisely?—A. Quite so. The accounts will show.

Q. I do not know, Mr. Chairman, whether I should ask to have those produced here; the statements. It will come up in other matters too. We must get as nearly as possible the dates, and a number of things that will be shown by the accounts.

[Mr. William T. R. Preston.]

By the Chairman:

Q. Have you any objection, Mr. Preston?—A. I have no objection.

The CHAIRMAN: Then I will ask Mr. Preston to bring his accounts.

By Mr. Montgomery, K.C.:

Q. I assume they are filed?—A. I will ask the Department for them.

Mr. DUFF: Get one of the Departments to produce them.

Mr. MONTGOMERY, K.C.: I have not any authority to do so.

The CHAIRMAN: I will ask the Clerk to ask the Department of Trade and Commerce to let us have communication of Mr. Preston's account.

Mr. MONTGOMERY, K.C.: Perhaps that may be here for the next sitting?

The CHAIRMAN: It may be in the Auditor-General's Department now.

Mr. DUFF: The Department of Trade and Commerce will have a copy of it.

Mr. MONTGOMERY, K.C.: It will be in one or the other, and it would probably save a lot of cross-examination; we would get to know when the work was done and where.

Mr. SYMINGTON, K.C.: You have the date that he arrived over there, early in March, 1924.

By Mr. Montgomery, K.C.:

Q. This report, Mr. Preston, covers obviously a certain amount of work done in Ottawa, and a certain amount of work done on the other side.—A. That would be the latter part of it, done in Ottawa.

Mr. SYMINGTON, K.C.: Will you speak a little louder please, Mr. Preston?

The WITNESS: That was the latter part of it, in Ottawa.

By Mr. Montgomery, K.C.:

Q. I take it that your report generally is made up in this way: you will correct me if I am inaccurate in any particular. It first contains a recital of what you suggest is the earlier history of the Combine?—A. Yes.

Q. And you say this is a matter that had been known to you for many years and consequently you did not need to waste any time in further investigation now with it?

Mr. SYMINGTON, K.C.: No, he did not say that.

The WITNESS: No, I did not say that at all, Mr. Montgomery, please.

Mr. SYMINGTON, K.C.: He said: "I was able to at once get in touch with the interested parties." He does not say he did not need to waste time in investigation.

By Mr. Montgomery, K. C.:

Q. Then I will ask you this question, Mr. Preston. I do not want to be unfair to you.—A. I know you don't.

Q. Were you acquainted with the operations of this Combine prior to that time?—A. I thought I was, well, partially.

Q. So you were enabled, without going through it for the time being, to get into immediate contact with the interests involved?—A. To get into contact, yes, with the interests involved.

Q. That disposes of that feature of it?—A. Yes.

Q. Then your report consists of a search of the Departmental files, to extract complaints, is it not?—A. Before you come to that.

Q. I am not attempting to follow it in the order you have put it. You have put it in every order. I just want to get at what is the make-up of your report. One purports to be a history of the Combine. Under another heading you have alleged complaints of shippers?—A. Yes.

[Mr. William T. R. Preston.]

Q. Which I assume were extracted from the Departmental files in Ottawa?
—A. Not all of them.

Q. Did you extract some of them yourself?—A. What you term extract—I got answers to letters from some of them.

Q. You were writing?—A. For information.

Q. When was that done, before you went across or after you came back?
—A. After I came back.

Q. How long were you on the other side?—A. I would be back here some time in October. I could not just give you the date.

Q. You were away continuously from the 26th or 27th February?—A. The 27th February.

Q. Until some time in October?—A. Some time in October, yes.

Q. The earlier part or the latter part of October?—A. I think it was rather in the earlier—or towards the middle of October.

Q. But I suppose your accounts will show that?—A. They will give you all the dates. I do not carry those in mind. I could have looked them up if I had thought it worth while, but I did not do so.

Q. How did you occupy yourself between October and December 31st?—A. I asked for the files, and went through them with some care, and then I wrote some letters to different parties making enquiries. Visited two or three places, I think; no, one place particularly, Toronto, for some information, if I could get it. I was occupied pretty nearly all the time. Some days I was not. My accounts will show.

Q. You were over on the other side approximately eight months?—A. Well, from March until October.

Q. March, April, May, June, July, August, September and October?—A. Seven months.

Q. And what was your first effort when you got over there?—A. My first effort when I got over there was to get in touch with friends whom I knew somewhat intimately and from whom I thought I could get some information as to the possible attitude of the Conference or Combine steamships, in regard particularly to the plan outlined by the report of the Committee that Mr. McMaster presided over.

Q. What do you think was that plan, let us have that, and then we will know what your starting point was.—A. Well, I got some friends who knew—

Q. No, you have just been talking about the plan outlined by a report of Mr. McMaster, which you proposed to implement if possible?—A. I have not got the report here. However, as the outcome of looking at that report, I drew up a memorandum, which I purposed using.

Q. Was that your “frank statement of the case?”—A. That is the frank statement of the case, yes; that is there.

Q. Did you find the grounds for that frank statement of the case in Mr. McMaster’s report?—A. Pretty much so, yes.

Q. I think your report is before the Committee, is it not?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: Particularly as to the suggestions made, the policy the Government ought to follow out.

By Mr. Montgomery, K.C.:

Q. As to subsidizing fighting ships. Did you find that in Mr. McMaster’s report?—A. No. I did not find that in Mr. McMaster’s report.

Q. So that what you report as a more desirable solution, or regard as the more desirable solution in your memorandum, is something you did not find in Mr. McMaster’s report?—A. Well I was trying to find a solution for it.

Q. Was that solution yours or someone else’s?—A. I don’t know that you could even quite say a solution there. It was my idea that there was possibly a solution there.

[Mr. William T. R. Preston.]

Q. So this idea of subsidizing fighting ships was yours?—A. No, I would not say that. No, not altogether.

Mr. SYMINGTON, K.C.: If you are asking a question in the language of the statement, he does not say anything about fighting ships.

By Mr. Montgomery, K.C.:

Q. Well now, in your frank statement of the case, you say there are two solutions. That is correct?

The CHAIRMAN: What page is that?

Mr. MONTGOMERY, K.C.: Page 11.

The WITNESS: "There are two solutions of the disadvantages under which the ocean transportation of Canadian products labour: one, by an arrangement with an independent steamship company, with Government assistance and Government control over freight rates. Two, the establishment of a Government service between British and Canadian ports, with modern vessels."

Q. Now you have told us that your basis was Mr. McMaster's report. I will ask you if you find anything to justify the first solution in his report?—

A. I do not want to be taken as saying that the basis of all this memorandum was Mr. McMaster's report.

Q. Do you say you drew that up after you got over to the other side?—

A. I drew that up after I got over to the other side.

Q. But you were not acting under instructions that you immediately received from anyone else?—A. No.

Q. So that we can take it that that was your idea?—A. That was my idea there.

Q. Now taking the second one, as there are only two; the establishment of a Government service between British and Canadian ports, with modern vessels. Did you find any suggestion of that in Mr. McMaster's report?—A. No, I did not.

The CHAIRMAN: Yes, there was. Excuse me breaking in.

Mr. MONTGOMERY, K.C.: You and Mr. Preston evidently do not agree, Mr. Chairman.

The CHAIRMAN: I have my report before me, Mr. Montgomery. At the top of page 22 of the sessional papers of 1923, one reads:—

"Should it appear that there are no ships, or not a sufficient number of ships belonging to the Canadian Government Merchant Marine, suitable for this service, then it would appear that wisdom would dictate the disposal of some of the smaller ships to enable ships of the class required to be secured."

By Mr. Montgomery, K.C.:

Q. Well now, coming back to page one of your report, you recite that you were not unfamiliar with this subject of North Atlantic combines, that you had made reports on it 24 or 25 years before, and intervening reports. Is that correct?

Mr. SYMINGTON, K.C.: "The phases of the question then looming up."

Mr. MONTGOMERY, K.C.: Please, Mr. Symington.

Mr. SYMINGTON, K.C.: You have read the witness only part of the sentence.

Mr. MONTGOMERY, K.C.: If I make an unfair statement, the witness can take care of himself.

Mr. SYMINGTON, K.C.: If you read part of a report which leaves out the essential part, I will certainly take objection.

Mr. MONTGOMERY, K.C.: I do not know that I have done that. The witness has the full report.

The WITNESS: I have it. "The subject was not unfamiliar, as it had fallen to my lot to make an official report 24 or 25 years ago, to phases of this question, then looming up." That is the part.

By Mr. Montgomery, K.C.:

Q. So you tell us that, with that personal knowledge, you were in a position to get in touch with all the interests concerned without unnecessary delay. That is correct, I suppose?—A. That is quite correct.

Q. And on page 11 of your report you purport to give a list of the several steamship companies which go, according to you, to make up that North Atlantic Conference?—A. Yes, that is the list that I succeeded in getting.

Q. Where did you succeed in getting it?—A. You will have to pardon me there. That is not for your information, Mr. Montgomery.

Q. That will be for the Chairman to say, not for you, Mr. Preston.—A. I had a good many ways of getting information there, and I do not propose that the Combine is going to get after them.

Q. You knew there was an official record of all these Conferences?—A. Well, in a way, not very official.

Q. They had a Royal Commission on Shipping Rings?—A. A Royal Commission on Shipping Rings, yes.

Q. Which made its report several years before?—A. Yes.

Q. They had had the Dominions Royal Commission?—A. The Dominions Royal Commission, yes.

Q. You had no doubt seen the Alexander report?—A. No, I could not tell you at the moment. I have seen a number of reports.

Q. Which gave the names of all these Conferences?—A. Yes. I did not take the names from any of them.

Q. Gave their offices?

Mr. SYMINGTON, K.C.: What did?

Mr. MONTGOMERY, K.C.: The Alexander report.

Mr. SYMINGTON, K.C.: Now, that is the one the witness said he did not think he had seen, and I do not think he ever saw it, because I just gave it to him a few weeks ago.

By Mr. Montgomery, K.C.:

Q. Surely, Mr. Preston, you did not start to investigate this North Atlantic Conference without even looking at the most exhaustive report made upon the subject?—A. Mr. Montgomery, there are ways of getting information without going around with a brass band.

Q. So you preferred the devious way rather than going around with a brass band sufficiently to go to any library and consult the Alexander report, where these Conferences are all charted, with their officers and everything else?—A. I did not choose the devious way at all.

Mr. SYMINGTON, K.C.: My learned friend suggests—

Mr. MONTGOMERY, K.C.: Are you cross-examining or not?

The CHAIRMAN: Mr. Montgomery, will you please resume your seat. Mr. Symington, do you want to make an objection?

Mr. SYMINGTON, K.C.: My learned learned friend is quoting certain things supposed to be in the Alexander report of 1913 and '14, which as far as I recollect it, did not name the people who are in the Combine, in extenso, and certainly could not name the people who were in the Combine in 1924, when Mr. Preston was investigating it.

The WITNESS: If this is the Alexander report—

Mr. SYMINGTON, K.C.: No, that is not it. It is an American book.

[Mr. William T. R. Preston.]

The CHAIRMAN: Perhaps you will frame your question a little differently, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Then I understand that you are unwilling to give the Committee the source from which you obtained the names of the members of the Conference?—A. I am quite unwilling.

Q. Quite unwilling?—A. Yes.

Q. But you did not go to any of the official or open sources to get it?—A. I do not know what you call official or open sources. I went to what I considered good sources of information, and I pretty well got it, I think.

Q. You do?—A. Yes.

Q. For instance, where did you find that the Norwegian-American company were a member of the North Atlantic Conference?—A. From the source of which I speak.

Q. Did you ever check to see if that is correct or not?—A. No, not other than the information which I got.

Q. The Scandinavian-American?—A. That is a list which I got from a source which I believe to be authentic.

Q. But there was no mystery about it; everybody has known for years the makeup of these Conferences, have they not?—A. I do not think it.

Q. You are not suggesting that you are the first one to discover the existence of the North Atlantic Conference?—A. Not at all.

Q. And any shipping man could tell you what lines were plying between Canada and the Old Country?—A. Yes. I knew that pretty well.

Q. And you knew that generally every line was a member of a Conference, perhaps of several Conferences?—A. I knew that some of the lines were; at least, my information was that they were, or is that they were.

Q. As far back as 1906, I understand you reported that they all were?—A. 1900, I think.

Q. So you had information since 1900 that every line, practically, was a member of one Conference or another?—A. No, I did not.

Q. With what exceptions?—A. I knew some lines which are.

Q. Had you any doubts about any of them?—A. I had no doubts about those, but there are other lines.

Q. Well, will you indicate among those which lines are concerned in the Canadian trade; you might take the Canadian cargo trade.—A. Anchor-Donaldson.

Q. Anchor-Donaldson; that is one.—A. Canadian Pacific.

Q. That is two.—A. Cunard.

Q. That is three.—A. Cairns-Noble.

Q. That is four.—A. Royal Mail Steam Packet Company.

Q. They are not interested in the freight business, are they?—A. I am not talking about freight, I am talking about the Conference.

By the Chairman:

Q. The question addressed to you by Mr. Montgomery was to name the companies in this list which were engaged in the freight business.—A. I beg pardon; I did not understand that question.

Q. In view of that fact, you want to correct your answer?—A. Yes, I want to correct my answer. The Anchor-Donaldson; Canadian Pacific Railway; Cunard; Cairns-Noble; Canadian Government Merchant Marine; Royal Mail Steam Packet Company.

By Mr. Montgomery, K.C.:

Q. They were not carrying freight from this side?—A. White Star; White Star-Dominion; and Furness-Withy.

[Mr. William T. R. Preston.]

Q. That is your answer?—A. I am not sure about the other, not the Maclean-Kennedy Company.

Q. Let me assist you a little bit. In the first place, then, you omitted Inter-Continental Transports, associated with Canada Steamships.—A. I do not know which one you mean.

Mr. SYMINGTON, K.C.: The bottom of the first row.

The WITNESS: Yes. You are quite right there, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. And then you wrongly included White Star. Is it not White Star-Dominion only?—A. No, I understood both of them were travelling to Canada.

By the Chairman:

Q. With freight?—A. I suppose even the White Star carries freight, too.

Mr. SYMINGTON, K.C.: There is nothing that carries only passengers.

The CHAIRMAN: Perhaps I am leading both the witness and Mr. Montgomery astray. I thought the first question was directed to all the freight-carrying lines, as distinguished from passenger-carrying lines.

Mr. MONTGOMERY, K.C.: My learned friend has given evidence that there is nothing that does not carry passengers.

The CHAIRMAN: No, nothing that does not carry freight.

Mr. SYMINGTON, K.C.: Passenger steamers carry freight.

By Mr. Montgomery, K.C.:

Q. I am asking whether the White Star operates to the Dominion at all, apart from the White Star-Dominion.—A. I could not tell you that for sure. I thought it did.

Q. Then the Royal Mail, where do they deliver cargo to in the United Kingdom?—A. I have seen their advertisements in the London papers, starting to Canada last fall.

Q. Last fall?—A. Yes.

Q. They were proposing to start, or had started?—A. Had started.

Q. When?—A. I think they were started by September or October.

Q. The Atlantic or the Pacific?—A. The Atlantic.

Q. You think they were started in September or October?—A. Yes.

Q. Then you obviously did not get their name at the time you made your enquiries from the confidential source, as to who were the members; they were not members then, were they?—A. Who?

Q. The Royal Mail?—A. The Royal Mail was a member of the Conference as early as some time in May, or I was very much misinformed by the General Manager of the line itself.

Q. My information, Mr. Preston, is that the Royal Mail had not been engaged in the transport of cargo to Canada at all.—A. I understood from the General Manager himself, Mr. Allsop, that they were engaged in the traffic to Canada, and that they were going to run passenger ships, and that they wanted to try and get some special interest in immigration work to Canada.

Q. I attach some importance to that, because I am coming to your interview with the Royal Mail a little later. Then your testimony is that the Royal Mail were engaged in the freight traffic to Canada, first I will ask, during 1924—A. During 1924.

Q. And prior to 1924?—A. I could not tell you.

Q. Prior to the time you were commissioned to make this investigation?—A. I could not tell you.

[Mr. William T. R. Preston.]

Q. Then at the time you went there you had at least no information that the Royal Mail were one of those who had been engaged in the United Kingdom-Canadian traffic?—A. Not at the time I went there.

Q. No?—A. No.

Q. Then let us take the ones you knew were engaged. I assume they would be the interests most concerned, would they not?—A. Oh, my report was regarding the whole North Atlantic Combine, or Conference, or whatever you call it.

Q. We will stick to Canada, if you do not mind.—A. Well you can stick to Canada if you like.

Q. You go on to say,

“In carrying out the object aimed at by the Order in Council appointing me to make the enquiry in question, I acted on my own judgment in getting into communication with the management and prominent officials of steamship companies, directly connected with the North Atlantic Steamship Conference, or Combine.”

The CHAIRMAN: You are reading from where?

Mr. MONTGOMERY, K.C.: Page 11, just following the list.

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: And it goes on to say:

“In this connection, I thought it better to have a frank discussion on the whole situation.”

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. I take it that would be with the people who were operating this North Atlantic Combine, as far as the interests of Canada were affected?—A. If I thought it worth while to meet them.

Q. If you thought it worth while to meet them?—A. Yes.

Q. And you go on to say:

“With a view to bring this about I presented the following memorandum to those with whom I came in contact in this matter.”

A. Yes.

Q. You then quote your memorandum?—A. Yes.

Q. Proceeding, you say, “I thought it better to throw aside all reserve and the usual so-called diplomacy.” That is on the next page, page 12.—A. Yes.

Q. You say: “with a view to endeavouring to bring about a candid discussion of the whole question.”—A. Yes.

Q. Who would you be likely to have your candid discussion with?—A. I wanted to have my candid discussion with anyone who was likely to discuss it from the standpoint that I was prepared to discuss it from.

Q. In the first instance, I assume you would have your candid discussion, if with anybody, with the lines concerned?—A. Yes.

Q. That would be natural enough, would it not?—A. Quite so.

Q. They had been engaged in the Canadian traffic for many years?—A. Yes.

Q. Served it both as regards passengers and cargoes?—A. Yes, if they were willing to.

Q. And surely, before going abroad, your first endeavour would be to have a frank and candid discussion with them, would it not?—A. Possibly so, if they were willing to.

Q. If they were willing to?—A. Yes.

Q. You dispose of that last answer in your next sentence?—A. Yes.

[Mr. William T. R. Preston.]

Q. You say, "I must admit there appeared to be a desire on the part of these interests, with whom I discussed this question in the first place, to consider the difficulties that were alleged to exist."—A. Yes.

Q. There is no evidence there of anybody's unwillingness?—A. There is no unwillingness on the part of the particular interests to which that refers.

Q. The particular interests, I assume, are the Canadian Steamship Companies, meaning by that, the services operating between the United Kingdom and Canada?—A. I do not say so.

Q. Is that the impression you intended to convey to the public in that report?—A. Not at all.

Q. We all differ in our use of the English language— —A. Yes.

Q. —and in our interpretation of it— —A. Yes.

Q. —but I would gather from that that you had gone over that and "abandoning the usual diplomacy" had gone right to them and discussed it?—A. I did not say so.

Q. You did not intend that anybody should infer from that report that you had discussed the matter with the lines themselves?—A. Not with all the lines, certainly not.

Q. So, "abandoning all diplomacy," taking off your coat and adopting, if I may use the expression, a "shirt-sleeve diplomacy," you did not even get into contact with the lines engaged in the United Kingdom-Canadian traffic?—A. I got into communication to find out the attitude of every one of the lines, as I understood them, travelling to Canada.

Q. How could you have a "frank and candid discussion" with people without coming into immediate contact with them?—A. Frank and candid discussions with those with whom I came in contact. I think that is very plain.

Q. Well, would there be a desire on the part of these interests to meet your difficulties if they were not the people engaged in the traffic, with whom you were discussing it?—A. When I found out that certain persons were not willing to do anything, that they were going to stand by the Conference, I did not waste any time on them, Mr. Montgomery.

Q. Is the effect of your answer, Mr. Preston, that, having been sent over there on that mission, realizing that a frank and candid discussion of the situation was the prime consideration, you did not go near the lines which were involved in the United Kingdom-Canadian traffic?—A. I learned the attitude of every line—

Q. Answer my question. I asked you whether you went near them or not.—A. I cannot answer—

Q. I am asking you whether you went near them or not?—A. Put your questions so that there will be no doubt about them, and I will answer them with perfect candor.

Q. I will take them one by one, that may be the easiest way?

Mr. SYMINGTON, K.C.: Yes, that will be the best way.

The WITNESS: That is the best way.

By Mr. Montgomery, K.C.:

Q. In the first instance, we have our own Canadian Pacific?—A. We call it our own.

Q. It is well known to you,—A. We call it our own.

Q. Have you any doubt about it? Do you disavow the Canadian Pacific?—A. No.

Q. We will include in that our own Canadian Government Merchant Marine?—A. Yes.

Q. One would think your first effort would be to get in touch with them to see if there were any difficulties to be threshed out. Did you get in touch with either of them?—A. Not personally.

[Mr. William T. R. Preston.]

Q. You never went near the C.P.R.?—A. Not personally.

Q. Or to any person in the Canadian Pacific Ocean Service?—A. No, but I learned the attitude of the Canadian Pacific very soon.

Q. Please answer my questions and do not make any speeches?—A. I am not making a speech—

Q. You will just answer my questions. I asked you if you went near the C.P.O.S.?—A. When you put your questions and will not take another meaning from my answers than the one I intend, I will answer you with perfect candor.

Q. I may suggest to you that the public in Canada have taken an entirely different meaning from the one you now make to us to-day of your report.—A. Probably some of the public have.

Q. And it is an impression which you have not sought to correct?—A. I do not accept your view of the construction of my report at all.

Q. So, in the performance of this mission, and having in mind, as you emphasized, the importance of a frank and candid discussion, you did not go near the principal members of the lines involved?—A. What do you call the "principal members"?

Q. We will take the Canadian Government Merchant Marine. You did not discuss matters in that connection?—A. No, I did not go near them. That is a matter for the Canadian Government to do.

Q. Let us take the Canadian Pacific—A. I was not talking with minor officials.

Q. You were not talking with minor officials?—A. No.

Q. I do not know exactly what you mean by that, whether you include the company as a "minor official"—A. You know very well what I meant—please, please, Mr. Montgomery.

Q. Then I assume that an interview which appeared in the Ottawa Evening Journal of March 3rd, 1925, sets out correctly your remarks. I will read a paragraph from it to you and you can correct me—A. I never gave an interview to the Ottawa Journal, that I know of.

Mr. SYMINGTON, K.C.: That is an answer. He said he never gave an interview.

The WITNESS: No, not to my knowledge.

Mr. SYMINGTON, K.C.: If Mr. Preston says he never gave an interview, my learned friend will read it only subject to my objection.

Mr. MONTGOMERY, K.C.: It is one which ties in fairly well with Mr. Preston's remarks. I will ask him if he gave an interview to anybody.

Mr. SYMINGTON, K.C.: Surely, if my learned friend wants to cross-examine a witness upon an interview, he must give the time and when and where it was.

The CHAIRMAN: Mr. Montgomery will not be anything else but fair, I am sure.

Mr. SYMINGTON, K.C.: As a matter of principle, I desire to take an objection that before part of an interview or an interview is read to a witness, and the witness asked whether he was truly reported, he must say whether he gave an interview. If he says he did not, then I submit it cannot be read.

The CHAIRMAN: That should be good law; it is common sense. Will you proceed in that fashion, Mr. Montgomery?

Sir HENRY DRAYTON: I think it should be read, and then the attention of the witness can be drawn to it in the usual way.

The CHAIRMAN: If he says he never gave it—

Sir HENRY DRAYTON: He cannot say that until he has heard it. It may have been copied—

[Mr. William T. R. Preston.]

The WITNESS: It may have been copied from some other paper.

By Mr. Montgomery, K. C.:

Q. Do you recall giving an interview in these words: "All they have done, he chuckled cheerfully—"

Mr. SYMINGTON, K.C.: Is that part of the interview?

The WITNESS: I never said that.

By Mr. Montgomery, K. C.:

Q. —"as he referred to a digest of the shipping companies' reply to his charges, is to set up men of straw simply to destroy them." Do you recognize that?—A. I remember saying that somewhere, a good many times. I will say so now.

Q. "I see Sir George Maclaren Brown, the Canadian Pacific Steamship representative in London, is criticizing me for not having called upon him while I was there. Why should I be bothered with mere subordinates, when the head offices of the company are right here in Canada?"—A. That is a proper question, I think.

Q. So I assume that Sir George Maclaren Brown, the European General Manager of the Canadian Pacific Railway, falls within the category of "minor officials" who were unworthy of the attention of Mr. W. T. R. Preston?—A. No, not at all.

Q. Well, was he or was he not one of the "minor officials" with whom you would not bother discussing things?—A. There was no use bothering discussing the matter with Sir George Maclaren Brown. He had already sent a detective, or somebody from the C.P.R., to follow me all about London. What was the use of bothering with him?

Q. So he was not included in your "frank discussion?"—A. Not at all.

Q. Had you conferred with the detective?—A. No, I had not.

Q. Then, that eliminates the C.P.R.—

Sir HENRY DRAYTON: I think we should get a description of that detective.

The WITNESS: I should like to have seen him.

By Sir Henry Drayton:

Q. Did you ever see him?—A. No, I never saw him.

Sir HENRY DRAYTON: Oh, dear, what a pity!

The WITNESS: But I think I gave him a hunt.

Mr. MONTGOMERY, K.C.: No doubt—

Mr. KENNEDY (Glengarry): A still hunt?

The WITNESS: He is still hunting.

By Mr. Montgomery, K. C.:

Q. You think he followed you to the source of your information from which you got the names of the Conference?—A. I do not know; but as soon as I heard he was on my track, I left some trouble for him.

Q. What did you do? Tell us about it? It is interesting.—A. Oh, no. I took my own way to get around him. London is a big place.

Q. You out-sleuthed the sleuth? Is that it?—A. If I cannot out-sleuth a C.P.R. detective, I think I will go and put my head on ice.

Q. You have not a very high opinion of the C.P.R., either their "minor officials," their European Manager, or their detectives?—A. I have not said so.

Q. If you could not bother dealing with minor officials or subordinates, such as Sir George Maclaren Brown, did you take the matter up with the President or the higher officials of the company upon your return here?—A. No, I left that to the Government; they took it up with them.

[Mr. William T. R. Preston.]

Q. I am not asking you what they did; I am cross-examining you upon your report, and as to what you did?—A. All right.

Q. So that in your endeavour to find a solution of this question, you never went near the Canadian Pacific—A. No, I did not.

Q. Nor their Ocean Services—A. I went near their Ocean Service about the the return passage, but not upon this matter.

Q. Nor their European Manager—A. No.

Q. To find out whether some solution could be found which would obviate the necessity of the Government taking measures such as have been proposed?—A. No.

Q. Let us proceed to another one. You mention the Anchor-Donaldson and Thompson?—A. Yes.

Q. They have been a line which has been serving Canada for many, many years?—A. Yes.

Q. An old-established line?—A. Yes.

Q. Been serving us for more than 50 years?—A. I do not know.

Q. As long as you have had any connection with the steamship business?—A. Possibly so.

Q. Now, I think they have the reputation of being reasonably reputable people, have they not?—A. No doubt about it.

Q. A very reputable concern?—A. No doubt about it.

Q. A concern that has done something to help build up the Dominion?—A. No doubt about it.

Q. Now, surely you went to them and said, "Our shippers are not satisfied"?—A. I did not.

Q. Surely you said, "The Government is having so many complaints made to it that unless something can be done to remedy it, it will have to take some extraordinary action"?—A. I did not.

Q. Surely you went to them and said, "There is a complaint about the cattle rates: cannot you do something to alleviate conditions?"—A. Indirectly I did, later on.

Q. I am asking you what you did directly, because you emphasize the importance of throwing off your coat and having a frank and candid discussion?—A. Yes.

Q. Surely, when one throws one's coat off, it is to go for the other fellow directly?—A. I did not take my coat off.

Mr. DUFF: He might have run away with his coat off.

Mr. MONTGOMERY, K.C.: Apparently most of his time was spent in running—this detective—

The WITNESS: I learned from what I considered a reliable source that to waste any time on the Anchor Donaldson was useless, because they were tied up absolutely with the Combine, and I could do nothing.

By Mr. Montgomery, K.C.:

Q. I want to find out if you did anything besides elude the vigilance of this detective?—A. Read my report, and you can see.

Q. I have read your report, and if I can read the English language, I read in your report that you lost no time in getting in touch with all the interests concerned—not some of them—but all the interests concerned?—A. I lost no time in finding out the attitude of every steamship line running to Canada particularly, and even beyond Canada, to the United States.

Q. Please answer my question, Mr. Preston?—A. I am trying to.

Q. I am asking you whether this statement is true or false?—A. It is absolutely true.

Q. Well, we will test it out,— —A. Very well.

[Mr. William T. R. Preston.]

Q. You say, "I was in a position to get in touch with all the interests concerned"?—A. Yes.

Q. Did you get in touch with all the interests concerned?—A. I got in touch through another party with all the interests concerned—with every steamship company running to Canada.

Q. Now you do not suggest you got in touch with any other party. You tell the public of Canada you got in touch with all the interests concerned?—A. I got in touch with all the interests concerned.

Q. That is true or false?—A. That is quite true.

Q. Did you get in touch with them all directly?—A. Not directly, all of them; some of them indirectly.

Q. So, be frank and say "most of them indirectly."—A. Put it that way if you like. No, I won't put it that way at all. I had direct information about the view of everyone of them.

Q. Do you not think the people to whom this report was addressed—and I do not confine that to the Minister alone but to Parliament and the public—would infer that you got in touch with all the interests concerned, that you would at least get in touch with the steamship lines serving the U. K. Canadian trade?—A. Yes, and they were all got in touch with; everyone of them.

Q. You do not say that. You say you got in touch with them?—A. Put it that way if you like. I got in touch with them.

Q. You do not infer by that that somebody else got in touch with them?—A. Somebody else got in touch with them.

Q. The statement that you got in touch with them is incorrect?—A. It is not incorrect.

Q. You do not consider that anybody reading that report would believe that your first effort was to get in touch with them and that you had a frank and candid discussion with them?—A. I got in touch and had a frank and candid discussion.

Q. Do you not think any reasonable person reading that account would infer that you got in touch with them directly?—A. No.

Q. Don't you think that report is designed to give that impression?—A. None of your insults. I am not sitting here taking insults from you.

Q. You are the hero of one hundred libel actions?—A. Yes, and I won them too, and you go outside this door and repeat it and I will take one out of you.

Q. I am in the law game myself. We approach you at our peril?—A. You do. Get down on your knees.

Q. Even we will put detectives on you at our peril?—A. Go on with your nonsense.

Q. Let us take another little paragraph and see what impression you did intend to convey to the public at page 11.

Q. Did you think it better to have a frank discussion on the whole situation?—A. I did.

Q. Whom did you have that frank discussion with?—A. I had that frank discussion with Lord Kysant and Mr. Allsop.

Q. Let us get these names?—A. Lord Kysant.

Q. Lord Kysant, I understand, is the President of the Harland & Wolff Company?—A. Yes, Lord Kysant is the President of the Harland & Wolff Company.

Q. Which is building the two new Petersen boats?—A. I do not know where the boats have been built.

Q. You never looked at the schedule at the back?—A. Of what?

Q. Of the Petersen contract?—A. I do not know who is building the boats.

Q. You never inquired who was building the boats?—A. I may have heard something about it.

Q. You know Lord Kysant is President of the Harland & Wolff Company?
—A. Yes.

Q. He was also the President of the Royal Mail, was he not?—A. Yes.

Q. He was the one you had the frank discussion with?—A. Yes.

Q. You have not been asked for any of the voyage accounts of the Royal Mail in this investigation? How is that?

Mr. SYMINGTON, K.C.: Because I did not put them on the list of the members.

By Mr. Montgomery, K.C.:

Q. As a matter of fact you know that the Royal Mail is not involved in this at all?—A. I thought the Royal Mail was.

Q. Did you think that the Royal Mail, prior to your report, had been engaged in the movement of cargo to and from Canada?—A. I did and I knew the Royal Mail was very much interested in the probable emigration traffic to Canada.

Q. Who? Tell us who else?—A. Mr. Allsop, the General Manager of the Royal Mail.

Q. Both these individuals were with the one Company?—A. Yes.

Q. You have been sitting in this room for the last four weeks?—A. While the Committee was in session.

Q. The first occasion on which we have heard the Royal Mail's name mentioned as being involved in any way in this is now, is it not?—A. The first time it is mentioned here, yes.

Q. So you selected a company whom no one has heretofore considered as being particularly involved in this inquiry one way or the other?—A. I understood the Royal Mail was in the conference and I discussed everything on the line I did with Lord Kysant with that understanding.

Q. Was it because they were in the Conference that you sought him out?
—A. No, but I was given to understand he was not averse to discussing my mission.

Q. Not averse to discussing your mission to make an arrangement with an independent steamship company?—A. No, to inquire into the combine and to hear something at least about the Canadian difficulties.

Q. You ruled out a number of these companies because you heard they were members of the Conference?—A. I ruled them out because I believed it would be no use approaching them.

Q. You could have gone and asked them?—A. Proper inquiries were made and I got some report.

Q. Would you be good enough to tell us who made the proper inquiries about these lines?—A. No, I won't tell you that.

Q. You won't tell us that?—A. No, I take responsibility for not telling you.

Q. You did not go yourself to see them and you won't tell us who did?
—A. No.

Q. Let us go on.—A. I take all the responsibility for it.

By the Chairman:

Q. Why are you averse to giving us the name of your informant.—A. I am averse to giving the name of my informant because I know each one of them would get exactly what I am getting from the combine.

Q. Are you afraid if you gave the name of this man it might prejudice his business?—A. Very seriously and prejudicially affect him. I got it in my own case.

By Mr. Montgomery, K.C.:

Q. It is your idea that he went as your emissary?—A. I know I got his report. It was thoroughly useless to go to them.

Q. Do you wish us to understand that while you did not go yourself to see the lines serving the Canadian trade, you sent somebody else to see them on your behalf?—A. I got persons to enquire of each of these companies as to the probability of their breaking away from the Conference.

Q. You got several persons to inquire?—A. Several.

Q. That is your idea of a frank and candid discussion.—A. Yes. Not with them but with those I came in contact with myself.

Mr. SYMINGTON, K.C.: Frank and candid discussion, the witness specifically states with those with whom he came in contact.

By Mr. Montgomery, K.C.:

Q. I suppose you could have had frank and candid discussion with Mr. Symington if he had been there or with any of us sitting around the room? Would that be the people operating the steamships you were sent to investigate?—A. I cannot tell you what the view of it is. I am giving you the facts.

Q. Why did you not say that in your report, if that was your impression, instead of telling us at first that there appeared to be a desire on the part of the interests to understand your complaint?—A. The interests there means interests outside of the immediate Atlantic Conference, or rather, includes those outside the North Atlantic Conference.

Q. So the people you succeeded in interesting were not people in the North Atlantic Conference?—A. I thought I had interested Lord Kysant. I was mistaken. In other cases I thought I had interested those outside the North Atlantic Conference. They were on other Conferences.

Q. It is better to throw aside all reserve and so-called diplomacy. What do you mean by that?—A. Just exactly what it says.

Q. With a view of endeavouring to bring about a candid discussion of the whole question?—A. Yes.

Q. You apparently did not succeed?—A. No.

Q. You never had a candid discussion with him or the lines affected?—A. With two lines affected.

Q. But you have told us that already. Do you forget the word "all" in the early part of your report?—A. You have the explanation of it.

Mr. SYMINGTON, K.C.: The "all" is on page one, you are examining on page 11.

By Mr. Montgomery, K.C.:

Q. Go on. You told us about these discussions which extended over four months or more. You have given the names of nine or even ten companies who were concerned in the North Atlantic Conference, so far as Canada was concerned. You told us the discussion went on for four months or more and you only indicate two whom you saw at all in the four months?—A. Two whom I saw?

Q. And one of those whom you thought you might interest in it?—A. No. I understood Lord Kysant was interested in Canadian traffic, because two or three of his representatives have come to me to see what could be done about immigration.

Q. Lord Kysant ran no boats into Montreal?—A. I think he had some boats advertised into Halifax or I cannot read English.

Q. Let us take our St. Lawrence trade. Was Lord Kysant interested in any of the companies which are operating in the United Kingdom-Montreal-Quebec trade?—A. No, I do not know that he is.

[Mr. William T. R. Preston.]

Q. Now, the Cunard is a fairly well known line?—A. Yes.

Q. Did you have your frank and candid discussion with any of the officials of the Cunard Line?—A. I did not see any of the Cunard Line personally.

Q. Did you send anyone else to see them?—A. I sent someone to see how they were in regard to the Conference and they were utterly hopeless.

Q. Was that the same one you sent to see the Donaldson Line?—A. No.

Q. You sent another emissary to see the Cunard?—A. No, I did not see another emissary at all. I had a good many friends in London whom I could trust.

Q. Your report is based on something somebody told you?—A. Something somebody learned for me of the situation.

Q. It was something somebody told you?—A. My information was gotten from someone who was perfectly reliable, in my estimation.

Q. In your report you say "I did not think it wise to go near these people myself and I asked somebody else what they thought about it?"—A. If I could write another report I would be very much pleased.

Q. You did not think your report was intended to give the public of Canada any other impression than that?—A. None whatever.

Q. Let us take the next line, "The Inter-Continental Transports." Did you ever see them?—A. No.

Q. Did you send a messenger to see them?—A. I got information that they were hopeless.

Q. Was that the same missionary you sent or did you send another one?—A. I think one of those two.

Q. One of the two fellows who told you about the Cunard disclosed the statement about the Inter-Continental Transports?—A. Yes.

Q. You have told us about the Canadian Government Merchant Marine. Let us take the White Star Dominion. It is a fairly well known line, with offices on the other side?—A. Yes.

Q. People who were accessible to you during the four months you were labouring in the employ of the Government?—A. Quite accessible.

Q. Did you, at any time during the whole of the four months, go near any responsible official of the White Star Line to find out whether something could not be done to fix up the suggested difficulties?—A. I did not, but I got some information about the White Star Dominion Line.

Q. Somebody told you they were in the Conference?—A. Not somebody, please; a friend whom I could trust.

Q. Tell us who it was?—A. No, I cannot do that.

Q. I will have to use "somebody" unless you make it more precise.—A. Use "somebody" if you like.

Q. I have to use "somebody" because you will not tell me who it was?—A. No, I won't tell you.

Q. What would you like me to call him, Mr. A., or Mr. X?—A. Call him anything you like.

Q. Or was it a Syndicate?—A. No, it was no syndicate.

Mr. SHAW: Do I understand his attention was directed to find out which of these companies were prepared to leave the Conference?

The WITNESS: That is correct.

By Mr. Shaw:

Q. That was the only question upon which you sought information?—A. That was the only question upon which I sought information from these people at the time.

By Mr. Montgomery, K.C.:

Q. As to whether they were prepared to leave the Conference?—A. As to whether they were likely to leave the Conference.

[Mr. William T. R. Preston.]

Q. I prefer to take Mr. Symington's words?—A. Take them then.

Q. Did you ever go and ask them whether they were prepared to leave the Conference?—A. No, I did not go and ask them whether or not they were prepared to leave the Conference.

Q. Why not be candid and frank?—A. I am candid and frank.

Q. Why not have been candid and frank to them?—A. Yes—poor fellows.

Q. You had a frank statement of the Canadian case?—A. Yes.

Q. Why not indicate to them that you were going to point a gun at them if they did not come down?—A. I hadn't any gun.

Q. So that that frank and candid statement was not intended as a weapon to be pointed at any of the guilty parties?—A. It was intended to be directed towards anyone I was in contact with who was connected with the shipping of goods and with whom I could get into direct contact.

Q. But there were several people you could get into contact with, in all those lines?—A. Yes, all of them and get the same information.

Q. Wouldn't that be the correct process, for a frank and candid person like yourself, for you to come in contact with them?—A. I chose the other way.

By the Chairman:

Q. This "frank statement of the Canadian Case," was that despatched by you to any of these lines that were in the North Atlantic Shipping Conference?—A. There were about a dozen copies of that struck off, and I gave them to the parties with whom I was negotiating, to see if they could get an opening, and to get an interview for me along those lines. They of course were not to use them if it was a hopeless case.

By Mr. Montgomery:

Q. Surely you intend that as a joke, don't you?—Well, perhaps if you were on your oath you would think a statement like that was a joke; I do not.

Q. Do you think that was the impression the people of Canada would get from reading that report of yours?—A. I think so.

Q. It requires an investigation to see what is coming out?—A. No, there is something coming out.

Q. Tell us now what it is?—A. I claim I got into indirect connection with the whole Reford outfit in Montreal.

Q. You are telling us what you were doing in the four months in London when you were a paid employee of the Government?—A. That is part of it.

Q. You conferred with the Reford Company in London?—A. No, I did not. You asked me a question, and I tried to answer, and I will answer it now.

Q. Is that the bombshell, that you saw the Reford Company?

The CHAIRMAN: You invited the witness to tell you something, Mr. Montgomery, which he said he would tell at a subsequent moment. I think you should allow him to answer the question.

Mr. MONTGOMERY, K.C.: I have no objection, Mr. Chairman, if he wants to come back to Montreal before he finishes with London.

The WITNESS: I got in touch with the Cairns-Noble Company. I had hoped to have seen Sir William Noble. I had a letter from his Secretary; he could not make an appointment for me, but eventually an appointment was made, and I met Major Cairns, and with him I discussed particularly the question of the cattle rates, but at the same time I discussed the whole question as set out in this memorandum.

By the Chairman:

Q. This memorandum called the Canadian Case?—A. I had that in my mind at the time.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Is that your bombshell?—A. I did not talk about a bombshell. After a considerable conversation with Mr. Cairns, who was labouring under some domestic unpleasantness at the time, the point—

By Mr. Montgomery, K.C.:

Q. Major Cairns is in the room, Mr. Preston.—A. Yes, Major Cairns is in the room, and he will bear me out that I sympathized with him in the operation that his boy was undergoing. He therefore apologized to me for apparent inattention or not listening to me at all. I was not suggesting anything else, Mr. Montgomery, and we discussed—

Q. You are not very apt in your selection of words.—A. I am sorry. I will go to you to learn English. We were discussing principally the question of the rates on cattle. I had received instructions from the High Commissioner, through a telegram which he had received from the Minister, that if a reasonable or what might be called a mutually satisfactory rate upon cattle could be secured from the lines over there, the Government would be willing to pay one-third or rather pay \$5 of the freight charges, presumably on the line that a \$15 rate could be arranged. Major Cairns and I discussed that question in its various aspects, for half an hour or more, and eventually the point was reached as to what could be done. He had to consult the people at Montreal, the Refords, and whether he suggested it or I suggested it I do not know, at any rate an agreement was arrived at that I should cable the Minister, or get the High Commissioner to cable the Minister the situation of our negotiations, and that he should cable the Refords in Montreal to go up to interview the Minister, particularly on the question of the number of cattle that might be taken on board, that is, the limiting of the space, something along the lines of the Argentine regulations. I returned to the office, and gave the High Commissioner a letter, which I have here, and which I will read if you wish, dealing with my negotiations with Mr. Cairns, and on the basis of that the High Commissioner telegraphed to the Minister, telling him and giving him or making some reference to it, and that the Refords were being telegraphed or cabled by the Cairns-Noble Company to go to Ottawa and see him. The next morning the Cairns-Noble Company telephoned me to ask if I had sent the cable; I said I had, and I asked if their cable had been sent as agreed? They said "Yes," and asked me if I would read over to them the cable the High Commissioner had sent to Canada, which I did, over the phone.

By reaching the Refords, I knew I would reach the lines Refords were representing, namely, the Anchor-Donaldson line, the Donaldson line, also the Cairns line, the Thompson line, and the Cunard line was indirectly connected I claim through Cairns-Noble. In London I got my communication or wishes, or the Minister's wishes in this matter, placed before the Montreal agents of these lines.

Q. Is that all?—A. The correspondence is here, if you wish to see it.

Q. But is that all?—A. That is all I have on that just now.

Q. When did you arrive in London?—A. I think about the 11th or the 12th of March.

Q. You were there during the rest of the month of March?—A. Yes.

Q. You were there during the whole of the month of April?—A. Yes.

Q. I see your "Frank statement of the Canadian Case" appears to be dated at London, April 19th, 1924?—A. Yes.

Q. You were there during the whole of the month of May?—A. Yes.

Q. When did all this take place?—A. All what take place?

Q. This little story about the interview with Major Cairns?—A. That took place about the 5th or 6th of June.

[Mr. William T. R. Preston.]

Q. So that you were in London most of the month of March, all of the month of April, all of the month of May, and it was in June that the idea first struck you to try to ascertain through Major Cairns, who in turn would cable to the Reford Company in Montreal, who in turn were the representatives of the Anchor-Donaldson line and the lines you have mentioned, as to what their attitude would be in London, Liverpool, or wherever it was?—A. That was the proper way to do it.

Q. All I want to get at is your conception of your duties, which were as you have described?—A. Yes, I was getting in touch with all the cattle shippers, that is, as I understood it.

Q. You were getting into touch with all the cattle shippers through Major Cairns, that he should cable the Refords in regard to certain matters of detail in connection with the cattle trade, hoping that because they represented some other lines who were in the United Kingdom, they might tell them, and that you would have fulfilled the mission delegated to you by the Dominion Government?

Mr. SYMINGTON, K.C.: My learned friend should ask questions, not make statements.

Mr. Montgomery, K.C.:

Q. At any rate, that struck you as a candid way?—A. Not at all.

Q. Had you previously received word from those emissaries of yours that these people were unwilling to discuss matters?—A. Who are you talking about?

Q. These people whom you got information from—Mr. Somebody; you have mentioned the Anchor-Donaldson line?—A. Yes.

Q. And several other lines represented by the Robert Reford Company?—A. Yes.

Q. Was this an indirect way of getting behind the door which you claim had been shut?—A. I thought something might be done, if I got Mr. Cairns interested.

Q. What would you think Mr. Cairns would be particularly interested in—developing trade for the Anchor-Donaldson line?—A. He asked me if I had seen the Anchor-Donaldson line and I told him no.

Q. You were at last at close grips with one of these people, the Cairns?—A. Yes.

Q. Did you prepare to give him a frank statement of your case?—A. I had it with me, but I put it back in my pocket; I don't think I left it in there.

Q. Did you mention to him that there was such a document in existence?—A. I had it in my hand, and told him I think that "this is the attitude of the Canadian Government and the Canadian Parliament," and I went over with him, seriatim every clause in that document, knowing that Mr. Cairns was only interested, as I believed, in the cattle trade, and I went down there particularly to discuss that question with him.

Q. Was Mr. Cairns particularly interested in the cattle trade?—A. He was very much interested in it.

Q. Were they carrying cattle at that time?—A. I understood they were, and that they were some of the largest cattle carriers.

Q. You had been there for some three or four months, and knew all about who were carrying on the trade between Canada and the United Kingdom?—A. In any event, Mr. Cairns, and Mr. Jones, his representative, whom I saw first, gave me to understand that Cairns-Noble were very much interested in the cattle trade.

Q. Naturally they would be interested in anything that was to be carried; but were the Cairns Noble people carrying cattle at that time between Canada and the United Kingdom?—A. I can only tell you that when I saw the Cairns-

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Noble people first, it was some time between the 20th and the 30th of May. I asked Mr. Jones for an interview with Sir William Noble, if he could arrange one for me, and I have here his reply; if you like I will read it.

Q. If it bears upon the case, I have no objection to your reading it. I am going to ask you to read the cable which you sent out, and informed Mr. Cairns you sent to Canada; but I do not care about that. You can read it or not if you like.—A. It is addressed to me, from Cairns, Noble & Co. Limited.

“London, 30th May, 1924.

Dear Sir,—confirming interview with you, we have been endeavouring to fix an appointment with Sir William Noble, but although he is in town to-day we very much regret that there are so many engagements already fixed that he was unable to spare the time for a further appointment. We would, however, like to have further conversations with you in regard to the carriage of cattle from Canada and should therefore be glad to hear when it would be convenient to you.”

Q. Did you not want to see whether their interest in the thing could not be so altered that they might get into the carriage of cattle with the boats they had?—A. That was one phase of it.

Q. In other words, that they were not interested in the carriage of cattle with the then boats, but if certain changes were made in the regulations, they might get interested in it?—A. They were very much interested in it, both Mr. Cairns and his manager, and discussed the terms, and the payment of five dollars, and contract for 12 months, and the Government to have some control over the allocation of space.

Q. And they wanted to find out whether the regulation could be so altered as to make the trade attractive to them?—A. Yes.

Q. That showed that it was not at that time?—A. I think it was. He did not say they would not do it, but he said he thought the Canadian regulations ought to be enlarged so that a greater number could be carried in a given space.

Q. I see. Now you have not mentioned Furness-Withy. They are very large cattle carriers?—A. No, I have not mentioned them.

Q. Did you go near Furness-Withy?—A. No, I did not.

Q. Did a little bird whisper to you that they were not willing to talk to you?—A. No.

Q. Then why did you omit coming into contact with them?—A. Because the friend of whom I told you a few moments ago, made enquiries for me, and he told me it was no use wasting any time with them.

Q. So we have everybody except Cairns-Noble eliminated, because a friend of yours told you there was no use wasting time with them? Is that the purport of your report?—A. No, you have got Mr. Allsop of the Royal Mail Steamship Company.

Q. I thought we had settled that he was not interested.—A. You may have it settled, but it is not settled in my mind.

Q. My enquiry was whether they were engaged in the St. Lawrence trade, and you told us no.—A. I did not say anything about the St. Lawrence trade, Mr. Montgomery. I said the Canadian trade.

Q. Then to come back. When did Major Cairns see that you had in your hand a document which purported to state the position of the Canadian Government?—A. I cannot tell you whether he did or not, but I made it very plain to him what the situation regarding the Canadian Government was. Very plain.

Q. Well now, surely he would have displayed some curiosity about it; he had a large and important line running into the Canadian ports?—A. I thought so.

Q. Would he not be interested in finding out what the Canadian attitude was?—A. I think he was interested, a very great deal.

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Q. But he would have known, if there was anything like this frank and candid statement before him.—A. I told him everything that was in it.

Q. You told him everything?—A. Absolutely, everything.

Q. Why not have left him a copy? You had a dozen copies.—A. I could not tell you at the moment. I might just as well as not.

Q. "I presented the following memorandum to those with whom I came in contact in this matter."—A. Yes.

Q. You came in contact with Major Cairns?—A. Yes.

Q. Did you present him with that memorandum?—A. I was under the impression that I had. I won't be positive now. He was very much troubled about something else.

Q. He was the only one so far that you have been able to mention?—A. What is the use of you saying that. I have told you about Lord Kysant.

Q. Surely you could remember such an important thing, as to whether or not you presented this document, drawn up with such care, to Major Cairns?—A. Not when I told him all that was in it.

Q. Now you have referred to a cable which you informed Major Cairns you had despatched to the other side. Would you mind reading it? Bearing upon the nature of the negotiations that you were then having.—A. Perhaps I had better read my letter to the High Commissioner first?

Q. I am not asking you to read that.

The CHAIRMAN: No, just read exactly what Mr. Montgomery asks.

The WITNESS: This is from the High Commissioner.

By Mr. Montgomery, K.C.:

Q. First, was the cable prepared by you, Mr. Preston?—A. Well, I would not be certain.

Q. I have it here what you telephoned that you had sent. I was wondering whether it was your cable or not.—A. I left it; it may have been drawn up there when we were all sitting together; or dictated; I cannot tell you at the moment. It is dated London, June 6th, 1924:—

"Referring to code cable twenty fourth May Preston's negotiations with Cairn Noble Company look favourable for arrangement on lines your cablè (stop) Parties want contract for one year (stop) Shipments from Montreal in summer and Portland in winter (stop) Reasonable assurance weekly consignments and slight amendments to regulations governing number stalls on each vessel (stop) Company claims that Argentine consignments permit forty per cent larger number on ship than Canadian regulations allow (stop) Reford Montreal will give you reasons for amending regulations to permit increased number on ships."

Signed, "Dominion."

By the Chairman:

Q. That is addressed to whom?—A. That is addressed to the Minister of Trade and Commerce.

Mr. SYMINGTON, K.C.: I suppose you had better put that in now that it has been read.

Mr. MONTGOMERY, K.C.: I have no objection, if you like. Or read it in.

By Sir Eugene Fiset:

Q. It is signed "Doninion" therefore it was coded in the High Commissioner's office.—A. It was coded in the High Commissioners office.

Mr. MONTGOMERY, K.C.: It is practically the same as the one I have here.

[Mr. William T. R. Preston.]

Sir EUGENE Fiset: It is signed "Dominion"; Therefore signed by the High Commissioner. Therefore it is not Mr. Preston's cable.

By Mr. Montgomery, K.C.:

Q. My note on this, Mr. Preston—you can correct me if I am inaccurate—or Major Cairns' note: after our conversation Mr. Preston telephoned to say he had sent the following cable to Canada. Then following on with the words you have read—

Sir EUGENE Fiset: The conclusion is that this cable was not sent by Mr. Preston. It was handed into the High Commissioner's office and signed "Dominion" and addressed to the Minister.

The WITNESS: And the basis of it was a letter which I had written to the High Commissioner.

By Mr. Montgomery, K.C.:

Q. Whether signed as the General has said or not, I presume it contained the gist of what you had informed the High Commissioner?—A. I think it ought to go in.

Q. Whether it was dictated by you or on your information, is not of any great consequence, but it does set out what you concede as the status of your negotiations with Major Cairns at that time?—A. In connection with this letter supplementing it.

The CHAIRMAN: Do you want to put the letter in?

Mr. MONTGOMERY, K.C.: If the witness wants to read the letter, he may.

The CHAIRMAN: He thinks it would show the situation better. So read the letter.

The WITNESS: (Reading):

"Re Ocean Rates on Cattle;

Dear Mr. LARKIN:—I have spent the last two or three weeks giving particular attention to this question. In the early part of my conversations with Messrs. Cairn Noble & Company I must admit I got no encouragement to my request for more favourable rates and some permanency in rates on cattle. Yesterday, however, at the conclusion of two or three interviews with the officials of the company and finally with the principal member, I think I reached a basis upon which a favourable arrangement is possible

First, the rate from Montreal in summer and Portland in winter not to exceed \$15.00 per head, \$10.00 to be paid by the shippers and a subsidy of \$5.00 each by the Government, the port of debarkation to be Dundee, and also Newcastle in the event of negotiations being successful with the port authorities at Newcastle to dredge the sand which has accumulated in front of the cattle docks there so that the docks will be available. Then, that the contract shall be for one year, that shipments shall be made weekly, that the Government will permit a slight modification in the regulations so as to allow a slightly larger number to be carried by each vessel. The company claims that vessels carrying cattle from the Platte on a thirty-day trip are allowed to carry about 40 per cent more than is permitted under the Canadian regulations in vessels of equal capacity.

Refords of Montreal, the company's Canadian agents, are in a position to discuss with the Department of Trade and Commerce this

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particular phase of the question. The only point, therefore, to discuss with Refords of Montreal is the question of the number to be allowed on each vessel, and of course it must be made one of the conditions of the subsidy that the Government or its representative shall have absolute control of the capacity of each vessel so that no syndicate can step in and get control holding the shippers up for an increased rate beyond the \$15.00.

Yours very truly,

(Sgd.) W. T. R. PRESTON.

P.S. I find by enquiries at the meat market that there is much more likelihood of Canadian beef being profitably marketed if there is a constant and regular arrival of consignments."

By Mr. Montgomery, K.C.:

Q. Now in your cable that you sent to the other side, there is a reference to the comparative rates or conditions with regard to the carriage of cattle from the Argentine, is there not?—A. Yes.

Q. Now I invite your attention in connection to page 22 of your report which commences: "Appeals to Carriers useless."—A. Yes.

Q. I assume we can take it that that refers to your interview with Major Cairns?—A. Yes.

Q. And to no one else?—A. No person interviewed or anybody else?—A. No.

Q. Did you ever go back and see Major Cairns after sending that cable?—A. I did not go back to see him, but I was in communication with his manager, on several occasions.

Q. Who was that?—A. Mr. Jones, I presume. I asked for Mr. Jones over the telephone.

Q. You communicated over the telephone with Mr. Jones?—A. Yes.

Q. You never went back to speak to Major Cairns about it?—A. No.

Q. He never saw you again?—A. He never saw me again.

Mr. DUFF: He sees him now.

Mr. MONTGOMERY, K.C.: He has been seeing him.

Mr. DUFF: You said he never saw him again.

Mr. SYMINGTON, K.C.: Tell him why you did not see him. What is the use of wasting time.

The WITNESS: I did not see him because I telephoned for three or four days in succession asking him if he had got any word from the Refords in Montreal, and the reply was "Nothing."

By Mr. Montgomery, K.C.:

Q. And you have since learned?—A. I since know that he had a reply.

Q. You have since had the reply or learned of the reply that he did get?—A. I since know that he had a reply, yes.

Q. Delicacy does not permit mentioning that?—A. No, you had better not.

Mr. SYMINGTON, K.C.: Apparently Mr. Preston's intuition is right, although he had not seen the reply.

The CHAIRMAN: Go on Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. If you did not hear anything further from Major Cairns, did you hear anything further from the Government at home in regard to changed regulations, that you communicated to him?—A. No. There was no occasion for hearing anything from them.

[Mr. William T. R. Preston.]

Q. You were suggesting certain changes in the regulations?—A. Yes. At least I don't know whether the High Commissioner heard. I did not. My letter went in to the High Commissioner and I don't know whether he communicated with Ottawa.

By Mr. Montgomery, K.C.:

Q. Then when you say that, "no satisfactory results were arrived at in my personal interviews with representatives of the principal cattle carriers in England," I can take it that we have had your story, then?—A. You have had my story, yes.

Q. And you are unable to tell us whether the Donaldson line were carriers of cattle at that time, as far as Canada was concerned?—A. The Donaldson line?

Q. I beg your pardon, the Cairns line?—A. I understood the Cairns line was carrying cattle, and Major Cairns discussed it with me as though they were absolutely in the trade.

Q. "The explanation is simple,—Combine and Monopoly," the last two words with capital letters.—A. Yes. I think that expresses it pretty well.

Q. And what you have told us of your own conversation with Major Cairns justifies that?—A. Yes, quite so.

Q. Although he had asked you to find out about the regulations and was apparently very much interested?—A. When I got to Ottawa and learned nothing had been done I saw the situation.

Q. So that justified your use of the words "Combine and Monopoly" with capital letters?—A. I think so.

Q. "The expressed fear that the western Canadian cattle industry might disappear had no effect whatever." Did you find that in your interviews with Major Cairns?—A. No, I found the contrary; I found Major Cairns very anxious to make the arrangement.

Q. And you are telling us here that that was in connection with Major Cairns, "the expressed fear that the western Canadian cattle industry might disappear had no effect whatever." Who was this adamant person that you expressed that fear to?—A. The things that came on afterwards; there was nothing done.

Q. You are speaking then.—A. I am speaking of December, after I returned home.

Q. But you had forgotten all about this long before December?—A. I have not forgotten it yet.

Q. We will judge for ourselves whether the report is justified or not. We know now that you have told us your account of your conversation with Major Cairns.—A. Yes.

Q. "I pressed for a reasonable and fixed rate for twelve months." I put it to you that it was Major Cairns who wanted to get an arrangement for twelve months, in order to warrant them in fitting out vessels, and not that you were doing the pressing.—A. No, I said of course, that there was no possibility of an arrangement being effective unless it was for a period, and I fixed twelve months as the least that it must run. We both figured out what it would cost the government if the figure ran up to one hundred thousand a year.

Q. And Major Cairns was not interested as to a period is that it?—A. He was very much interested.

Q. But you were the one who was doing the pressing. You say, "I pressed for a reasonable and fixed rate for twelve months," you know.—A. I did.

Mr. DUFF: Preston was doing the pressing.

Mr. MONTGOMERY, K.C.: He was the press gang all by himself.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. "But all to no purpose." That is correct?—A. Yes, all to no purpose. Finally, of course, we knew nothing had been done.

Q. "That fact, also that Argentine cattle only cost 50 per cent more than the Canadian rate, although it was a 30-day passage from Argentine to Europe, (6294 miles) instead of 10 days as in the case of Canada, carried no weight in the discussion." Is that your suggestion as a fair summary of your talk with Major Cairns?—A. I have told you, Mr. Montgomery, that I think if Major Cairns had been left alone he would have entered into a contract then and there with the government. He was anxious to do it, and was very desirous of doing it.

Q. What I want to find out is whether you put that up to the Cairns company or Major Cairns as a reason why the cattle rate should be reduced, or whether Major Cairns compared Argentine conditions with Canadian conditions, and drew your attention to that.—A. I knew Argentine conditions.

By the Chairman:

Q. That is not the question. Can you answer the question?—A. I do not know that I quite catch the question.

By Mr. Montgomery, K.C.:

Q. Your inference is that you put up the fact that the Argentine cattle only paid 50 per cent more than Canadian cattle, and it carried no weight in the discussion.—A. I did not say that.

Mr. SYMINGTON, K.C.: He says, "the fact." He did not say he put it up.

By Mr. Montgomery, K.C.:

Q. We have a right to infer something from the fact that this important fact carried no weight in the discussion. What do you mean by that?—A. It carried no weight eventually, but not at the time. At the time it carried considerable weight.

Q. I would like you to tell me if this is not the real truth, namely that Major Cairns drew your attention to the difference in the conditions under which Argentine cattle were carried?—A. He certainly did.

Q. And did the best he could to invite your attention to the Argentine cattle carriage question?—A. Now that you speak of it I think I raised the question of the rate with him first, and then he told me that they could carry, under the regulations, a much larger number from the Argentine than they could from Canada.

Q. Did he also tell you that under the Argentine arrangement the shippers paid the entire cost of the fittings for the cattle?—A. I could not tell you; I would not say.

Q. Well, before drawing this comparison between Canadian and Argentine rates, did you investigate that to see whether the conditions were the same?—A. No, I did not.

Q. Did he draw your attention to the fact that the shippers paid the entire cost of renewals of stalls?—A. I have no recollection of that being brought up at all.

Q. You have been present here in the committee while the cattle evidence has been given by Mr. Doherty and others?—A. I have.

Q. You have seen that those are two of the largest items in the entire expense?—A. I have heard something about it.

Q. And if your attention was drawn to that, would it not have been fairer to draw attention to the fact yourself that conditions were not the same?—A. I could not tell you, I have no recollection of that point coming up, Mr. Montgomery.

[Mr. William T. R. Preston.]

Q. Did he tell you the victualling was all paid for by the shippers? —A. No. I have no recollection of that question coming up at all.

Q. Before making this rather invidious comparison between cattle rates, Argentine—U.K. versus Canada—U.K., did you take any steps to inquire as to whether the conditions were comparable?—A. I found that the conditions of carrying so many cattle from Argentine were not satisfactory at all. My memory is quite clear on that, because just about that time a shipload of cattle had come in from Argentine destined for London, I think, and they had to go on to the continent somewhere, because foot and mouth disease had broken out. I remember that came up.

Q. What inference did you intend the public of Canada to draw from the statement, "The fact, also, that Argentine cattle only cost 50 per cent more than the Canadian rate, although it was a 30-day passage from the Argentine to Europe, instead of ten days as in the case of Canada, carried no weight in the discussion."—A. Just exactly what it says, that nothing came of our discussion.

Q. Did you not intend the public to get the inference that there was some unfairness in that?—A. I cannot accept your view of it.

Q. And you did not intend to suggest in your representations of the respective mileages and the rates that Canada was being unfairly discriminated against in the carriage of cattle, as compared with that other large cattle growing country, the Argentine Republic?—A. I did intend to say that Canada was being discriminated against. I intended to convey that view.

Q. So that was intended; this paragraph was intended to give the inference that Canada was being unfairly discriminated against as compared with the Argentine?—A. Yes.

Q. Then, if you intended that impression to be conveyed, do you not think it would have been fair at least to the carriers to refer to the difference in conditions under which cattle were carried?—A. I refer to them there.

Q. What do you refer to?—A. I refer to the carrying of a larger percentage—I thought there was something in there about carrying a larger percentage.

Q. I would like to know if there is anything you can say in justification of your inference. I would be glad if you could find it there.—That is my report. I thought Canada was unfairly discriminated against.

Q. You have assumed or stated some comparison between Argentine and Canadian cattle rates?—A. Yes.

Q. And you have told us quite frankly that you intended the public to infer that there was an unfair discrimination?—A. Yes.

Q. You have told us also that you were aware that you read a report that the conditions were not the same?—A. I have not said anything of the kind.

Q. You have told us they were allowed to carry a much greater number of cattle in the same space.—A. They were allowed to carry more cattle, but it seemed to be rather prejudicial against the cattle they were carrying, of course. My report is quite clear. I believed then and I believe now that the 6,000 miles in one case and the 3,000 miles in another and the rate given to me as correct is a discrimination against Canada.

Q. You must remember that you are making this report with great reluctance. You tell us so in your report.—A. I do not say I am making all the report with reluctance; I am presenting my opinions with some reluctance.

Q. I do not want you to overlook the feature of reluctance that you emphasized.—A. I think you will find it there.

Q. You remember that paragraph in your report where you speak of the reluctance with which you are compelled to say these awful things you do say?

The CHAIRMAN: "It is with a measure of reluctance that the writer finds it necessary to express this opinion. But a sense of responsibility

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to the Parliament of Canada, the government, to agricultural and industrial interests, and to the great struggling masses of this Dominion, demands an honest, frank and fearless expression of opinion in regard to the extremely serious nature of the question at issue."

Mr. SYMINGTON, K.C.: This information being in the paragraph in front.

Mr. MONTGOMERY, K.C.: That is the paragraph.

By Mr. Montgomery, K.C.:

Q. Mr. Symington suggests that your measure of reluctance was confined to the paragraph in front, and that there was no reluctance about the rest of the report. Is that correct?—A. I think the measure of reluctance is the general expression of opinion about it. But read the whole of it.

Q. No, I do not want to bother reading the whole of it.

Mr. SYMINGTON, K.C.: Read the report and learn something.

The WITNESS: Read the whole paragraph.

By Mr. Montgomery, K.C.:

Q. I was only interested in finding out whether I had perhaps given that too wide an interpretation, whether you only referred to the preceding paragraph?—A. No, I refer to very much more.

Q. Then let us see. Was it with a measure of reluctance that you made the whole of the report?

Sir HENRY DRAYTON: Mr. Chairman, when do we meet again?

The WITNESS: What was the question?

The CHAIRMAN: It is 6 o'clock, gentlemen. We will re-assemble at 8.30.

The witness retired.

The committee adjourned.

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, May 12, 1925.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so we can proceed.

WILLIAM THOMAS ROCHESTER PRESTON recalled.

The WITNESS: Mr. Chairman, before Mr. Montgomery commences, perhaps you will pardon me if I make a correction in my evidence. At dinner-time the thought struck me that I had a very faint recollection of a Journal reporter asking me for an interview, and I think I spoke somewhat hastily this afternoon, but certainly I did not recall the circumstances at all at the moment, of the interview referred to by Mr. Montgomery. If the article in the Journal says it is an interview with me, I accept the correction.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, at the adjournment this afternoon we were discussing a comparison which you made on page 22 of your report between cattle rates to the Argentine and cattle rates to the United Kingdom, and you will recall I was suggesting to you that if it was intended as a comparison in a sense invidious to the Canadian rates, if there were points of difference between the

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two services, they should, in fairness, have been called to our attention, and I was asking you whether you were aware of the difference in the number of cattle that could be carried on the same boat under the Argentine regulations, as contrasted with the Canadian regulations, and I think you told me you were aware of the fact— —A. I am only aware of it from what Major Cairns stated.

Q. And you did not think it necessary to make reference to that?—A. No, I made no reference to that.

Q. Now, Mr. Cairns, when discussing this question with you, would surely have pointed out to you the other features in which the service rendered differed, such as the proportion of the expenses undertaken by the shipper from the Argentine in connection with cattle fittings?—A. I do not remember that point being raised, Mr. Montgomery.

Q. Nor the repairs to the stalls?—A. No.

Q. Or the voyage repairs after each voyage?—A. No, I do not remember these points being raised.

Q. Or the victualling of the crew?—A. No.

Q. And when I say "crew," I mean the cattle attendants— —A. I know what you mean.

Q. Or the return fare of the cattle attendants, which is assumed by the Argentine shippers?—A. No, I do not remember these points being raised at all, Mr. Montgomery.

Q. Now, if you were discussing all these things—as evidently a comparison between the two rates was the subject of discussion between you—it seems strange to me that Major Cairns would not call your attention to these differences?—A. I am only giving you my recollection of it.

Q. In any event, you do know of the differences in the regulations for the carriage of cattle?—A. That is evident by my correspondence with the High Commissioner.

Q. But not in your report here?—A. No, that point is not raised in my report.

Q. Now, my instructions are that Cairns-Noble, while they were not carrying cattle, were extensively in the Canadian trade as regards other freights. You were aware of that, were you not?—A. I knew they were general freight-carriers, but my attention was more particularly attracted to the cattle phase of it.

Q. In fact, that is the one subject you discussed with them?—A. No, I would not say that.

Q. What else did you discuss?—A. I discussed the general situation of freight questions.

Q. Did you tell them that the shippers in Canada were complaining about the high rates of freight and other things?—A. I certainly told Major Cairns that.

Q. That you had adopted a policy—just a moment, please, so I will not be confused in my recital—

The CHAIRMAN: What page is that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Page 11.

By Mr. Montgomery, K.C.:

Q. "The arrangement with an independent steamship company with governmental assistance and governmental control over rates"—A. Yes. I said that the Government had quite made up its mind that it must do something along that line, and I referred to the action of the McMaster Committee, and the fact that the report of the McMaster Committee was passed by an unanimous vote in the House.

Q. But the "frank statement" you did not give him, as you told us this afternoon?—A. I cannot remember having handed him one. I know I had one in my hand while I was discussing the matter with him.

Q. Now, in view of all of that, your conversation with him, and judging from your letter to the High Commissioner, and the cables which were exchanged, you seem to have been on a very friendly plane?—A. A very friendly plane.

Q. There was no suggestion of threats about it, or anything of that kind?—A. Nothing at all.

Q. Do you not know that in the ordinary course of affairs he would have been considerably disturbed if there had been the suggestion that affairs were so bad that the Government were going to arrange with an independent steamship company to fight the rates?—A. I cannot tell you what his views were; they were not expressed to me.

Q. You were aware of the cable he had sent to the Refords?—A. No; I did not see the cable he sent to Refords. I only knew the nature of what he intended to say.

Q. But there was a suggestion in that cable that there had to be something done at once, because there was likely to be trouble?—A. No. The suggestion was, as between himself and myself, that he would cable at once for the Refords to go to Ottawa at once.

Q. Do not confuse the two things, Mr. Preston—A. I am not confusing the two things.

Q. That was in reference to cattle rates?—A. Yes; I thought we were discussing that.

Q. I am passing from that to the general freight situation—as to whether or not you took up with them in any way either the complaints or suggested action in respect to the general freight situation?—A. I certainly told him what the Government intended doing along the line of controlling rates—controlling the general rates for freight.

Q. And you did not find it extraordinary that in his cables to his Canadian agent, he made no reference to that, directly or indirectly?—A. I did not draw up his cables.

Q. I tell you frankly, Mr. Preston, that my instructions are quite the contrary.—A. I do not care what your instructions are. I am quite prepared to discuss the matter under oath with Mr. Cairns.

Q. My learned friend wishes me to draw your attention to this cable:

"Preston, accredited Canadian Government agent, studying economic propositions of trade between Canada and the United Kingdom, has cabled Minister Trade and Commerce, Ottawa, to see you regarding amendment cattle stowage regulations."

That was the subject which was under discussion, was it not?—A. That was one of the subjects.

Q. "Please get in touch with Ottawa discuss any scheme whereby our ships would carry more cattle than present regulations. We are negotiating with Preston carriage cattle over yearly periods. Dundee."

So you know that there was a question of the difference in the number of cattle between Argentine and Canada?—A. I have already stated so.

Q. We agree, do we not, that the cable rates are entirely on cattle?—A. Cattle and its associations, of course.

Q. You found no aversion on the part of Mr. Cairns to discuss a special deal in respect to cattle without reference to any conference or combine on cattle, with or without cattle?—A. I think he said that Sir William Noble had recently returned from the Conference.

Q. Notwithstanding that fact he was apparently quite willing to discuss—A. I thought he was very willing, very anxious to make an arrangement.

[Mr. William T. R. Preston.]

Q. That was the last conversation you had with him?—A. I only had one with him, unless he answered the 'phone—I am not sure about that—when we were discussing the copy of the cable that I sent to Ottawa or that the High Commissioner sent.

Q. Now the last line, Furness Withy, which includes all the Manchester Lines and other Lines, I think you have already told us that you never went near one of them?—A. I never went near the Furness Withy Lines.

Q. Or any of the Lines managed by Furness Withy?—A. No, those that I have not mentioned, I had nothing to do with; that is personally.

Q. Now, that carries us on, I see to the fifth day of June or the sixth day of June, which I think is the latest date mentioned. You had up to that time been on the other side since the twelfth of March, I think you said?—A. I think sometime around the twelfth of March, somewhere about there.

Q. And you had not seen any of the other carriers of which you have been speaking?—A. I did not see any of the carriers? Pardon me, I talked to the North Atlantic Conference carriers.

Q. Then I take it your endeavours led you to lines outside the North Atlantic Conference?—A. Yes, certainly.

Q. And that you did not negotiate with existing lines but went elsewhere?—A. I went outside the North Atlantic Conference, yes.

Q. Then I take it from that, as a natural inference, that you did not negotiate with any of the lines who were in the service other than the ones whom you have mentioned?—A. The Royal Mail Steamship Company and the Cairns Noble, and Company.

Q. I think we were agreed that the Royal Mail Steamship Company only touched Canada at Halifax as an incident to a subsidy contract they had with the West Indies?—A. No. We are not agreed on that at all.

Q. We are at least agreed that they had nothing to do, for instance, with the St. Lawrence trade?—A. I do not know that they had anything to do with the St. Lawrence trade.

Q. My dear sir, you were over there long enough to tell us?—A. I do not know that they had anything to do with the St. Lawrence trade, but I knew they had something to do, that they were negotiating, wanting the door opened for handling the immigration trade in Canada, and I understand from both Lord Kysant and Manager Allsop that they were in the North Atlantic Conference.

Q. Have you been able to verify whether Lord Kysant, who is president of the Harland and Wolff Company—that that is the company which built the Petersen boats?—A. I have not.

Q. You have not looked at the contract?—A. No, I have not looked at the contract and I have not asked Sir William Petersen either. I have a list of other steamship lines which Lord Kysant is interested in, if you are interested in knowing.

Mr. SYMINGTON, K.C.: You will find he is interested in everything.

The WITNESS: Yes, he is; very widely.

By Mr. Montgomery, K.C.:

Q. I take it from your account, which I would gladly pass you if you want to refresh your memory about anything, that you landed at Plymouth on the eleventh of March and went to London?—A. It was the eleventh or twelfth. As soon as the boat got there I reached there.

Q. On the 31st of March you apparently went to Worthing?—A. Yes.

Q. I do not want to go into any personal matters.—A. It is not personal at all.

Q. Had that anything to do with the case?—A. It had to or it would not be charged in that account.

Q. I would assume it would not?—A. You are quite right in your assumption.

Q. Have you any objections to stating what your trip to Worthing was about?—A. It was about business I went over there on. I have decided objections, as I explained to the Committee, to mention the names of any persons with whom I had contact, either through whom I got any information, or anything about them for the reason I have given.

Q. We would be glad to let the matter rest there where it not for the fact that the information you have set out in your report, you have told us was not obtained personally as a result of contact with any of the interests involved, but from somebody whose name you do not want to disclose?—A. If you are going to take my report, you have no right to place that construction on it.

Q. I have taken your own statement.—A. With regard to getting in touch with certain interests overseas that does not apply to all the information in my report.

Q. I am principally interested in any information which concerns the clients who are here, whose interests are placed in jeopardy here, and you have told us that all the information you have set out in that report was obtained from other people whom you did not see yourself at all?—A. I did not say anything of the kind. If I did I made a huge mistake. I don't think I said anything of the kind.

Q. You still adhere to the statement that you saw none of the people whose claims have been mentioned in this inquiry other than Cairns Noble?—A. I told you so.

Q. And that your information as regards all the others was obtained from somebody else?—A. Speaking about the companies themselves, not speaking about the contents of my report. Let us be very clear on that.

Q. Will you be clear about this, so far as your report deals with the attitude of the companies in the North Atlantic Conference, your information was entirely obtained from outside sources and not through any conversations with them?—A. In certain particulars.

Q. If there are any exceptions to that please tell us. I will have to take it up in all parts?—A. If you will allow me to answer, I will try to make it plain to you. In so far as the relation of the shipping companies one to the other, as to whether they were in the Conference or out of the Conference, or likely to stay in the Conference, or whether they could be persuaded to come out of the Conference, my inquiries, through other parties, was largely directed to that point.

Q. As to their attitude in regard to rates you made no inquiries?—A. Well, yes, I made inquiries, because I published some of the rates here.

Q. You made inquiries as to what the rates were or had been?—A. Yes.

Q. As to their attitude in respect to rates, if there was any complaint about them you made no inquiries from any of the companies?—A. No, I made no inquiries. Allow me to answer.

Q. Go ahead and answer by all means.—A. In regard to complaints that were alleged or that were being made in this country regarding rates, I did not raise that question over there; only as to the general rates being so high that they were detrimental to the development of the country.

Q. They had not the privilege of combing the Departmental files or possibly they would have known of some of the complaints which you set out in the report?—A. At that time I did not have the pleasure of combing the Departmental files either.

Q. I see. You had it later?—A. Yes, I had it later.

Q. Then, I might take it, that you took no steps to advise them of the existence of any such situation or the object of your mission?—A. Only in regard to the two I mentioned.

Q. Please get it down to one, because as far as I know the Royal Mail Line is not a subject of this inquiry?—A. Well, I am telling you of the conversation I had with Lord Kysant and of his interest in Canada and the part that his old officials were taking regarding our Canadian trade and all that sort of thing, that I went to see him and discussed the whole Canadian position very fully with him.

Q. You told us Mr. Allsop was his manager?—A. Yes.

Q. Did you deliver to Mr. Allsop— —A. I did.

Q. What?—A. I delivered him that memorandum.

Q. You anticipated that?—A. Yes, I anticipated that.

Q. You gave it to Mr. Allsop?—A. gave it to him in the Liverpool Street Hotel when we were having lunch.

Q. My instructions are that Mr. Allsop says you spoke to him only once and that you did not give him a copy of the frank statement?—A. Mr. Allsop cannot possibly say I spoke to him only once because I met him with Lord Kysant in his own office and I took lunch with him in the Liverpool Street hotel, where we conversed from one o'clock until five o'clock.

Q. If you did not see these people and learn their attitude, we want to know how reliable your information was, and I want you to tell us about that, where it came from, so that we can judge as to the reliability of it.—A. The evidence that I am giving you in regard to these people whose names are mentioned, other than Lord Kysant and Cairns Noble, is that they could not be persuaded to break away from the Conference.

Q. You have told us that several times. I want to know who the people were, and whether they were people whose authority we would accept for a statement of that kind?—A. I will not tell it and I take all responsibility for it.

Q. You did not tell the Minister or his colleagues that that was second hand information you were passing on?—A. The Minister did not ask me.

Q. So you did not think it necessary to make any mention of it in your report?—A. No.

Q. Well, we are hearing now—we have learned for the first time that it was not your personal information but second hand information. I must ask you again for the source of that information so we can judge of its value?—A. You can judge of its value. You can hold me responsible for it.

Q. It is not a question of knowing the value of information which has been scattered broadcast throughout the Dominion and other places?—A. You know whether it is very true, whether these people would come into the Conference or stay out of it.

Q. I am asking you again for the sources of your information?—A. I decline to give it to you for the reason I gave this afternoon, and you know all that means as well as I do.

Q. I do not know how we are to judge of the value or work of the Preston report, if any value is to be attached to it unless we know the source from which this information was obtained which has been handed out.

Mr. SYMINGTON, K.C.: Why do not you get into statement of facts that are of some value?

The CHAIRMAN: Supposing it is true that the man who may have been connected with one of these lines gave certain information to Mr. Preston and if Mr. Preston divulges his name that man will lose his position, shall we force Mr. Preston to divulge the name?

Mr. MONTGOMERY, K.C.: In the first place the witness has never made such a suggestion, that it was a person connected with any one of the lines. I do not know whether he will accept that suggestion now or not. Unless the witness gives some reason, such as you suggested, I do not know why he would

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be unwilling to give the Committee the source of the information so that the Committee may judge of its value, and whether he was justified in making a report or not.

The WITNESS: As to whether any one of these people would come out of the Conference or were persuaded to stay in,

Q. I think possibly they would be the best ones who could speak as to that?—A. They have already spoken. They have refused the Government offer.

Mr. SYMINGTON, K.C.: Here is a report full of statements, full of accusations. He has been asking the whole afternoon as to whether Mr. Preston got his information directly or indirectly or whether he got it from a third party or whether it is important or not.

Mr. MONTGOMERY, K.C.: These companies have been pilloried by the witness, by his reports and made to show that they were adamant, that they refused to do this and refused to do that, and were not at all impressed by his piteous statement as to the state Canada was being forced into and so on, when he never went near them. I do not intend to go over all these statements; I will group them. I want to take all the statements in so far as they refer to the attitude of the lines, and the attitude of the lines plays no small part in this report. Now, if he says that he did not learn from the Lines themselves what their attitude was, he learned from some other person; and I think in justice to the Lines we have a right to know who that other person was, and whether it was a trustworthy source of information or otherwise.

The CHAIRMAN: My opinion is that the Liners are entitled to know, if Mr. Preston was acting not upon his own information but upon that afforded him by some one else, who those other people are.

Mr. MONTGOMERY, K.C.: Thank you, Mr. Chairman.

The WITNESS: Yes. The objection that I have taken to giving the names is not in regard to the point raised by Mr. Montgomery at all. I have tried to make it very plain that the only information I was looking for was, regarding the attitude of the Lines, as to the likelihood of their coming out of the Conference at all, and from those parties I got the information that they would not come out of the Conference, and I therefore made up my mind that there was no use wasting time with them. It is not about the general attitude of the combine or conference, as you like to call it. The one particular point which I have tried to make clear during the whole of the time Mr. Montgomery has been asking about that question, is I think clear enough, to me at any rate.

By the Chairman:

Q. Unless you have that information under a seal of secrecy, I will have to ask you to divulge the names of those from whom you got your information. I think it is pertinent to the issue. If you say "I got information which I think was accurate," and you decline to give the names of those who gave you that information, you certainly throw a possibility of doubt on the accuracy of the information which you say you have to give to us.—A. Yes, Mr. Chairman, but there is only one point—

Mr. SYMINGTON, K.C.: May I suggest this, sir, that the point at issue is whether those members were willing to leave the Conference for the purpose of discussing rates. That is the whole point. They are here. Were they willing to leave the Conference? There is not, in the evidence that has been given, any information to show that they were willing to leave the Conference. The point

[Mr. William T. R. Preston.]

where Mr. Preston got his information is not the whole thing; the question is, was he right in his conclusion that they were or were not willing to leave the Conference?

The CHAIRMAN: With all due respect to Counsel, I do not think the question is whether it is important or non-important; the question, as I see it—and of course I am in the hands of my Committee, they may not see it in the same way as I do—Mr. Preston says he got certain information first hand, then he got other information not first hand but through the instrumentality of some third party. Now Mr. Montgomery says he wants to know the name of that third party, so that they may judge whether that information was weighty or not.

Mr. SYMINGTON, K.C.: I can quite understand that suggestion, Mr. Chairman, if the information which he got was at all contradicted. The information he got was that they were not willing to leave the Conference. Now, they are not willing to leave the Conference, as I understand it, and there never has been any pretension that they were willing to leave the Conference, and that is all the information the witness says he got.

The WITNESS: Absolutely.

Mr. MONTGOMERY, K.C.: Is that all the information he says he got, in the report?

The CHAIRMAN: I wish you would direct your observations to the Chair, Mr. Montgomery. That is my ruling, and I think it is right.

The WITNESS: The persons whom I asked to assist me in getting the information as to whether these various companies would be inclined, in their judgment, from information which they could get, to leave the Conference was given to me by people whom I took into my confidence and who pledged me regarding their own personalities, and they are gentlemen of very very high standing.

By the Chairman:

Q. When you say they pledged you with regard to their own personalities, what do you mean by that?—A. That I should keep their names to myself. They were looking for one point, and one point only.

By Mr. Duff:

Q. Did they tell you they had approached the different steamship companies?—A. Yes.

Q. Those different persons?—A. Yes, in their own way. I did not ask them where or why.

Mr. DUFF: The best way to settle it, Mr. Chairman, as Mr. Preston does not want to give their names, is for the steamship companies to say whether it was them or not.

The CHAIRMAN: He has brought out the only reason which would entitle him to refuse to give their names, therefore we will proceed with other branches of the inquiry.

The WITNESS: They have their own way of finding out. I did not ask them how they did it, but they came to me with such an opinion that I had to accept it, and it is all borne out by the present situation.

By Mr. Montgomery, K.C.:

Q. That is what you refer to on the 12th page of your report as a candid discussion of the whole question?—A. No, it is not.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: A candid discussion with those he came in contact with.

Mr. MONTGOMERY, K.C.: The witness can answer for himself, I think, fairly well.

I will read the whole paragraph:—

“I thought it better to throw aside all reserve and the usual so-called diplomacy with a view of endeavouring to bring about a candid discussion of the whole question.”

Now I ask you whether you consider what you said was a candid discussion of the whole question, after you had thrown aside all diplomacy?

Mr. SYMINGTON, K.C.: Did my learned friend read the whole paragraph?

Mr. MONTGOMERY, K.C.: I read the whole of the sentence.

By Mr. Montgomery, K.C.:

Q. If you have anything to answer, Mr. Preston, you can answer it?—A. I have answered it.

Q. So you have nothing to add; you decline to state what the object of your mission to Worthing was in March, or how it was connected with this report?—A. I have told you it was connected. I went down there to see a gentleman who was getting some information for me.

Q. That is all very helpful. Information about what, as to whether they were willing to leave the Conference?—A. Yes.

Q. Any information as to what their attitude was as to rates?—A. No.

Q. You did not regard that as coming within the purview of your inquiry?—A. Yes, I did.

Q. But not as requiring any candid discussion?—A. Yes, as requiring candid discussion.

Q. That being so, with whom did you discuss it?—A. The Royal Mail Steamship Company, the Cairns-Noble Company and others, non-Atlantic Conference people.

Q. You are aware of the numerous rate reductions which had been made between 1920 and 1924?—A. Yes, and I was aware of the 25 per cent increase on the 31st of March, 1924.

Q. You seem to lay more emphasis upon that than upon the numerous reductions?—A. No.

Q. Did you inquire as to the reasons for that increase?—A. Not over there.

Q. Now, my dear sir, here was something to which you obviously attached great importance, the increase in March 1924; you did, didn't you?—A. Did what?

Q. That it was of very great importance to us?—A. Very great importance.

Q. It was an increase which either was or was not justified; that is obvious, is it not?—A. Presumably so.

Q. The first object of your inquiry would surely be to find out whether or not there were good reasons for the advance?—A. You are probably aware that this increase comes under the New York end of the Conference, not the London end of it.

Q. Then you were aware that the increase did not apply to westbound commodities?—A. No; my attention was directed specially to the details of the tariff and its effect on Canadian industrial life, after I returned from overseas.

Q. After your return?—A. Yes.

Q. Then you had not in mind any 25 per cent increase when you were over there?—A. Well, I knew of it.

Q. Well now, these companies, both those serving New York as well as Montreal, have their head offices very largely on the other side, have they not?—A. Yes.

[Mr. William T. R. Preston.]

Q. And they are represented in New York by agents, as in Montreal?—
A. Yes.

Q. If the subject of this increase was one of importance, and there was any complaint about it in Canada, why not take it up with the head offices when you were over there, and find out what their reasons were for it, and whether they would be prepared to suggest a reconsideration, if you like, by the agencies on this side?—A. I thought that was a matter entirely to be settled on this side of the Atlantic.

Q. You came back to this side of the Atlantic, and did you settle it?—A. I came back to this side of the Atlantic.

Q. Did you settle it?—A. No, I did not settle it.

Q. Did you go near them?—A. No, I did not.

Q. While we are on the subject of this 25 per cent increase, will you turn to page 23, opposite where you are reading, in this Preston report, under the heading "Absorbing Domestic Concessions." You were there referring to the advantages obtained from the Canadian preference being wiped out or absorbed by the increases in freight rates, were you not?—A. Yes.

Q. I assume that those advantages would apply to westbound traffic and not to eastbound?—A. Westbound, yes.

Q. The question of preferential duties has no reference to eastbound commodities?—A. No, westbound.

Q. To illustrate what you were saying as regards the absorption of the preference, you state:

"The more recent illustration of this is the twenty-five per cent increase in the freight rates on all goods, which took place on March 1, 1924."

A. Yes.

Q. What have you to say about that? Is that correct, or is it misleading?—A. That of course certainly refers to the increase in freight rates going from this side of the Atlantic to the other.

Q. And not to any of the goods upon which the preference would apply?—A. No, I think we had a statement of the freight rates coming to this side being also increased. Let me see if I have got it here.

Q. If that is true, let us have it. Mind you, we are talking about a specific increase of 25 per cent on the freight on all goods, that took place on March 1st, 1924.—A. Yes. If you will leave that over until to-morrow I will try to get the figures for you.

Q. Is it your belief now that there was such a flat increase as 25 per cent on that date applicable to westbound goods?—A. I would not say until I have an opportunity of looking at the papers.

Q. And if there were no such increase, that statement would be decidedly misleading would it not?—A. We will discuss it when I see the papers.

Q. I hope we won't forget it. Well, the whole month of March was apparently spent without you going near any of the steamship companies, that is correct, is it?

The CHAIRMAN: If you want to look at your bill, to refresh your memory, you may.

Mr. MONTGOMERY, K.C.: Anything at all you like to look at. At the same time you can look at April if you wish.

The WITNESS: No. March and a good part of April, there seems to be no travelling for half of April; until the middle of April.

By Mr. Montgomery, K.C.:

Q. Except to Worthing and Sutton.—A. Yes.

[Mr. William T. R. Preston.]

Q. You have told us that you won't tell us who you went to see in Worthing. Will you tell us who you went to see in Sutton?—A. No. For the same reason, I do not think it would be fair to those gentlemen at all.

Q. But it was to get secondhand information as to the attitude of the lines?—A. No, don't put words in my mouth, if you please. It was to get information as to whether these particular lines would withdraw from the Conference.

Q. Well, secondhand information as to whether they would. Do you object to that?—A. You can call it what you like, so long as you stick to that point of it, that particular item of enquiry.

Q. Well, your journey led you next to Croydon?—A. Yes.

Q. The same answer?—A. The same answer applies.

Q. You went there for the same purpose?—A. Yes.

By Mr. Shaw:

Q. What date is that?—A. April 17th I think.

By Mr. Montgomery, K.C.:

Q. The Worthing one was on March 31st. Liverpool April 17th. Sutton, the 19th, and Croydon the 20th. I have overlooked Liverpool. I take it your answer will also apply in the same way?—A. The same thing.

Q. You again went to find out the attitude of the lines?—A. Yes.

Q. Some of them had their offices right in Liverpool?—A. Yes.

Q. But you did not go near them?—A. No.

Q. That apparently concluded your English endeavours for the time being; and then I see you packed off to Vienna?—A. Yes.

Q. Also to get information as to the attitude of the lines?—A. To try to.

Q. You were going quite a long way from their home towns, weren't you?—A. Quite so.

Mr. SHAW: What was the date of that?

Mr. MONTGOMERY, K.C.: April 22nd.

The WITNESS: 28th, I think.

Mr. MONTGOMERY, K.C.: Or the 24th. April 22nd-24th to May 1st.

The CHAIRMAN: Is that important?

By Mr. Montgomery, K.C.:

Q. I see an entry opposite those particular items that the expenses have been disallowed?—A. No.

Q. If you have an explanation to make, I do not want to give it any misconstruction. It may refer to only one item, or something; it is hard to tell from the accounts.—A. Paid, that is all I know. Oh, that is: "Insurance on Luggage, disallowed, 4/-."

Q. Not regarded as of insurable value?—A. Not regarded as legitimate.

Mr. RINFRET: What are you quoting from?

Mr. MONTGOMERY, K.C.: From the expenses.

Mr. SYMINGTON, K.C.: Mr. Preston's expense account.

Mr. MONTGOMERY, K.C.: It is just to get a diary of the trips, that is all. I am not questioning the expenses.

Mr. SYMINGTON, K.C.: You will find them very small.

Mr. MONTGOMERY, K.C.: I don't know. The next item there is, "Extra train de luxe," and an item for it. I had not intended drawing attention to it.

The WITNESS: I will explain that if you wish. There was no other train going north, and all those trains running out of Austria, there was an extra charge for them.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: 17/-.

The CHAIRMAN: By the way, what was the charge for this "train de luxe"; if it comes into the enquiry, what did it cost.

Mr. MONTGOMERY, K.C.: £1. 10/-, Austrian Government travelling tax, £1. 13/- . Making £3. 13/-.

Mr. SYMINGTON, K.C.: You cannot hire much of a train for a pound.

Mr. MONTGOMERY, K.C.: I don't know. The low Continental rates you know.

Mr. DUFF: Or the rate of exchange.

Mr. MONTGOMERY, K.C.: You might get a lot on that.

By Mr. Montgomery, K.C.:

Q. Then as soon as you got back from Vienna, apparently Worthing was again the object of your journey. I see you were going down there two or three times.—A. Yes.

Mr. SYMINGTON, K.C.: Why does not my friend ask the witness where he went?

Mr. MONTGOMERY, K.C.: It does not do us very much good, except that I want to draw attention to the numerous visits to Worthing, because apparently that was one of the chosen fields of research. As I do not understand that it is a seaboard town—you will correct me if I am wrong—I was wondering why Worthing should be so much sought after.—A. There was a gentleman there I wanted to see.

Mr. DUFF: And he was worth going to see.

The WITNESS: He was well worth going to see.

Mr. SYMINGTON, K.C.: Perhaps to get away from the detective of the C.P.R.

Mr. MONTGOMERY, K.C.: It has been suggested that perhaps you went to Worthing to get away from the detective of the C.P.R.

The WITNESS: I got rid of him long before that.

By Mr. Montgomery, K.C.:

Q. And having got rid of him did you go to see Sir George McLaren Brown about him?—A. No.

Q. Chelmsford, the same answer applies?—A. Yes.

Q. Sutton, the same answer?—A. Yes.

Q. That carries us through the month of May.

Mr. DUFF: He was not at Chequers, was he?

Mr. MONTGOMERY, K.C.: I have not found that. Nor Brighton.

By Mr. Montgomery, K.C.:

Q. So we have finished now with March, April and May, without anything very direct in the way of an adjustment of freight rates so far as the lines are concerned.—A. So far as the North Atlantic Conference lines are concerned.

Mr. SHAW: May I ask Mr. Montgomery, and perhaps he will ask the witness, whether or not these visits were all for the same purpose, that is, to get information as to whether or not these lines would withdraw from the Conference?

The WITNESS: No, not all for that.

By Mr. Montgomery, K.C.:

Q. Then perhaps you will tell us what they were for?—A. Getting introductions to other steamship lines and companies. Getting in touch with other steamship companies.

[Mr. William T. R. Preston.]

Mr. DUFF: Perhaps on a fishing trip.

Sir HENRY DRAYTON: That is our job.

Mr. SYMINGTON, K.C.: I was going to ask Mr. Montgomery to get him to tell us what he did in England and then we would get through quicker.

The CHAIRMAN: I do not want to hamper Counsel in cross-examination. I do think that if this is a fishing trip, it demands of the fishermen infinite patience. I was wondering if we could get on a little faster.

By Mr. Montgomery, K.C.:

Q. Well, not to go over all the details, the month of June apparently passed in the same way?—A. No.

Q. I see again our old friend Croydon; and Southampton this time?—A. Yes.

Q. I will come over here so that you can look at your accounts if you wish. (Exhibiting document to witness.) And Glasgow and Liverpool?—A. Yes.

Q. While you were in Glasgow, why not pay a little friendly visit to the Donaldson people?—A. I have already told you that I think that trip was rather to confirm the information that I had got, that nothing could be done with them; and I got it.

Q. Wouldn't it have been such a simple way to confirm it, just to ask them?—A. Very simple, yes.

Q. You prefer the indirect method?—A. No, not by any means. I could have gone to them, but they were not prepared to discuss things.

Mr. DUFF: Was it a voyage of discovery of cargoes?

Mr. MONTGOMERY, K.C.: We are not getting very much details as to what cargo was to be picked up at these different points.

The WITNESS: No, but you are getting what it cost.

Mr. SYMINGTON, K.C.: All the disbursements are there.

Mr. DUFF: All the port charges.

Mr. MONTGOMERY, K.C.: All the disbursements are here, yes, I am quite sure of that.

Mr. SYMINGTON, K.C.: But you never travelled as cheaply as that in your life.

The CHAIRMAN: Now, Mr. Montgomery, if you will just address yourself to the witness and proceed.

By Mr. Montgomery, K.C.:

Q. Well, July took us to Antwerp, Brussels, Sutton, Margate, Tunbridge and Southampton.—A. I think on those I was looking for rates. Partly.

Q. We have got off Conference now and are looking for rates.—A. Partly. Partly to get in touch with shipping companies. And I think in June—the latter part of June—I met with Sir William Petersen, if my memory serves me right.

Q. In the latter part of June?—A. Yes.

Q. You got in touch with Sir William Petersen?—A. I think so.

Q. So that we are getting warm now?

Mr. SYMINGTON, K.C.: Look out you don't get a chill.

Mr. MONTGOMERY, K.C.: Probably I will. I have had lots of them.

Mr. DUFF: He was in good company then.

By Mr. Montgomery, K.C.:

Q. Then you got some little encouragement?—A. Yes, I did.

[Mr. William T. R. Preston.]

Q. You had known Sir William Petersen before, of course?—A. I had known him for 27 years.

Q. Was he able to tell you anything about the attitude of the Conference?—A. Well, I think he told me a little. Not much that I did not know.

Q. Then you did not learn very much over there?—A. Over there?

Q. Yes.—A. Oh yes, I learned a lot.

Q. Then if he was not able to tell you much that you did not know you apparently had been very busy learning over there up to that time, or else knew it all before.—A. No, I learned a good deal when I was there.

Q. But you covered the ground so thoroughly that by the time you reached Sir William there was not very much he could tell you?—A. No, there was not very much he could tell me.

Q. You did present to him a frank statement of the case?—A. I did.

Q. And had a candid discussion with him.—A. I did.

Q. And did you take up with him your suggestion in that "frank statement" one of your two solutions, an arrangement with an independent steamship company with government assistance and government control over freight rates?—A. Not at first.

Q. Not at first?—A. No.

Q. Where did you search him out?—A. Where did I search him out? I think first by writing, subject to correction, to his office, and he was away. I got an answer in a week or ten days and then I went to 80 Portland Place, Sir William Petersen's residence.

Q. That was in the early part of June, you say?—A. No, I said the latter part of June, said so very distinctly.

Q. And from that time on am I to take it that your time was spent pretty well with him?—A. No.

Q. You were over there from June to October?—A. I was there from June to October, yes.

Q. I am quoting to you from another interview with the Press, which you are alleged to have given.

Mr. RINFRET: What paper?

Mr. MONTGOMERY, K.C.: The *Toronto Star*. It is indicated as such in pencil at the top.

The CHAIRMAN: Did the committee men hear what was said? This statement was found in the *Toronto Star*.

Mr. MONTGOMERY, K.C.: I take it it is the *Toronto Star*; I see it in pencil at the top of the sheet.

Hon. Mr. SINCLAIR: What date, please?

Mr. MONTGOMERY, K.C.: March 25th of this year.

By Mr. Montgomery, K.C.:

Q. Speaking of yourself,—they are speaking of you in the third person—they say:—

"He declared that the Petersen agreement was exactly the decision of the government. He had diagnosed the case. The government had devised the cure. Mr. Preston, however, had been in touch with what was going on during the last six months of negotiations. 'It was kept strictly confidential'."

A. That does not sound like an interview.

Q. I can only give you the heading. I will be glad to give you the whole article if you wish, but it says at the top:—

[Mr. William T. R. Preston.]

"Mr. W. T. R. Preston in Toronto to-day discussed with the *Star* the Petersen agreement and his report to the government on ocean freight rates. 'This,' said he, 'is the greatest question which has arisen in this country in the last 40 years'."

and it goes on for two columns.—A. Yes, I said that.

Mr. SYMINGTON, K.C.: That was when it came into the House, was it not?

Mr. MONTGOMERY, K.C.: It was after it came into the House.

By Mr. Montgomery, K.C.:

Q. Is it correct? Do you agree or disagree with the suggestion that it was your statement that you had been in touch with the negotiations during the last six months they were going on?—A. I would not say to a month; I had been in touch with the negotiations, as I had been. I will put it that way.

Q. That is why I suggest to you that from June on to December there was a period of negotiation in connection with the Petersen contract?—A. There were times when it was being negotiated. We were not sleeping with it.

Q. But in any event, as stated, you were in touch with the negotiations during that period?—A. I was, yes, for six months or more there.

Q. Or more?—A. Yes, probably.

Q. Let us carry back then, to see where we land with that.—A. That lands in the latter part of June, my recollection is. I cannot fix the exact date.

Q. When did you tell us that this report which is dated December 31st was actually penned?—A. Oh, I commenced penning that about a week after I returned, I think, some time in October, sort of outlined it.

Q. And you told us this afternoon, I think, that it was completed some time in January, 1925?—A. I think it was delivered to the Minister probably the first week in January. It was finished about a week before the 31st of December.

Q. Then we can take it that the report was written up after the negotiations for the contract had been fairly well completed, or, in fact, after the contract itself had been completed?—A. Part of it was written after that.

Q. And it was a report to suit the contract rather than a contract to suit the report?—A. No, nothing of the kind.

Q. As a matter of fact, I put it to you, Mr. Preston, when was that "frank statement" which is dated April, written?—A. April, the beginning of April.

Q. And to whom was it delivered in April?—A. Only to the parties who were confidentially trying to get some information for me.

Q. The parties who were trying to get information to you would not need to have the gun held to their head as that "frank statement" appears to be?—A. No, there is no gun about that.

Q. And is it to your conversation with these gentlemen from whom you were trying to get this information that I have to ask you once again that you refer in the paragraph immediately concluding this "frank statement" when you say you thought it better to throw aside all reserve and the usual so-called diplomacy, with the view to bringing about a candid discussion of the whole question?—A. That is what I proposed saying and that is what I did say to those with whom I came in contact, and I put it much stronger than it is there.

Q. And these persons with whom you did come in contact were those persons with whom you were discussing the attitude of the Conference Lines?—A. I discussed it very fully with them.

Q. They are the persons you refer to?—A. No.

Q. I want to find out who it was you had this candid discussion with, when you threw aside all reserve and abandoned the usual so-called diplomacy.—A. There are two, as I have told you; the two of them were the Cairns-Noble and Lord Kysant and Mr. Allsop, general manager of Lord Kysant's Company.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: And those outside the North Atlantic Conference.

By Mr. Montgomery, K.C.:

Q. Then we have so far discussed Major Cairns and I think we have agreed that you are not certain whether you showed it to him or not, but you are pretty certain you did not when you discussed it with him.—A. I am pretty sure I had it in my hand when discussing it.

Q. We have discussed Lord Kysant, I am sure, ad nauseum.—A. I am sure in that last question of yours, Mr. Montgomery, you were discussing Conference Lines, not all lines, because I discussed this with lines outside the Conference.

Q. You have discussed or mentioned Sir William Petersen as one. That is right, is it not?—A. Yes, that is right.

Q. A number of others?—A. One other; myself.

Q. I see.—A. One other, non-Conference line. If you will let me tell the story I will tell it to you.

Q. Far be it from me to hamper you.—A. You have been hampering me and interrupting all along.

By the Chairman:

Q. Go ahead, please.—A. Through a friend I got an introduction to the manager of Lord Inchcape's lines and had a very thorough discussion with them about it; three or four discussions in fact, and I presented this report with such verbal additions as I thought the case called for.

By Mr. Montgomery, K.C.:

Q. They do not run to Canada at all.—A. They do not run to Canada; I made that very clear when I made my statement. I told you I had brought this to the attention of lines outside the Conference.

By Mr. Symington, K.C.:

Q. Outside the North Atlantic Conference?—A. Outside the North Atlantic Conference, of course.

By Mr. Montgomery, K.C.:

Q. Was not Lord Inchcape interested in the Conference in the lines he is engaged in?—A. Very much interested. I did not see Lord Inchcape, I only saw one or two of the managers.

Q. Take his line; where does it run to?—A. It ran, I think, to the Far East.

Q. Did you take steps to make sure that he was not painted with the same brush, and that he was not a Conference man in his own lines?—A. I knew he was a Conference man in his own lines. I knew the company was a Conference company.

Q. And for what reason did you expect that he would be any better in transferring to another line?—A. I got an intimation that I might possibly seek an interview.

Q. But if he believed in the Conference system and was adhering to Conference rates and so on, why desert our old friends for new ones who were just as bad?—A. Because you could not do anything with our old friends.

Q. But you had not seen them, Mr. Preston?—A. But I had information, and I am sure subsequent events have proved the truth of it, that they cannot be moved.

Q. But my dear sir, here were Lord Inchcape and his lines all dyed-in-the-wool Conference men?—A. All right. There is no use in arguing it. I am simply telling you what took place.

Q. What were the names of the managers with whom you took the matter up?—A. Mr. Hughes, I think, was one of the names.

Q. How do you spell that; is it Humes or what?—A. I think it is Hughes; I am not quite sure.

Q. An others besides this one?—A. An effort was made to get an interview for me with Lord Inverforth's company, and finally as I was informed, Lord Inverforth sent the papers on to the principals of the firm or the company, and they thought that there was no occasion for discussing it. They were not prepared to break from the Conference or interfere.

Q. So apparently Sir William was your last refuge?—A. Sir William eventually agreed to consider it, after one or two interviews; I am not just exactly sure of the number.

Q. Well, let us drop that for a little while and come to what my learned friend calls the "meat."

Mr. SYMINGTON, K.C.: Come to our muttons.

Mr. MONTGOMERY, K.C.: I am endeavoring to follow you, Mr. Symington, if you wish, from wheat to mutton; like Mary's little lamb.

By Mr. Montgomery, K.C.:

Q. In the first place, you described to us on page 3—the first page of your report—"This world-wide organization of which the North Atlantic Steamship Combine is only one section . . . of the number who are all subject to the influences of the respective branches of this maritime organization." Without going over all the references to the same thing in your report, tell us a little bit about this world-wide organization—where are its offices?—A. Where are their offices?

Q. Yes?—A. Some of their offices are in London—different companies.

Q. Do not let us misunderstand one another, or fence about this for long. Is it your intention to suggest that there is one controlling organization which operates and controls the several branches?—A. No; certainly not.

Q. Because your report reads that way?—A. I do not think it, at all.

Q. And it is not your intention to suggest there is no one central body?—A. No, it is not.

Q. Is it your intention to suggest that there is anything more than a series of conferences, the number of which would correspond with the different trade routes?—A. Perhaps, if you will allow me to quote these words from the House document, of the United States 63rd Congress, Sec. Session—1913-14, at page 231—

Q. I thought that is the one you had never seen?—A. If this is the Alexander one, I did not know it.

Q. Then you have seen it?

Mr. SYMINGTON, K.C.: I gave it to him yesterday.

The WITNESS: Is this the Alexander? I did not know it was the Alexander.

"The foregoing chapters contain a description of 80 steamship conference arrangements which, when considered collectively, show that as regards nearly every Conference trade route, practically all the established lines operating to and from American ports work in harmonious co-operation either through written or ordinary agreements, Conference agreements, or gentlemen's understandings."

By Mr. Montgomery, K.C.:

Q. Is that your authority for writing that report?—A. No, it is not.

Q. It is not?—A. No.

Q. Then let us see what your authority was. I ask you again whether you intended to suggest anything more than the fact that there are conferences

in every trade route, or practically every trade route?—A. Yes, and very many of them interlocking.

Q. I will come to that in just a moment. Let us take them one at a time.—A. Yes.

Q. We agree that the Conference system is a recognized system over every trade route where liners run, as far as you know?—A. We agree there is a Conference system. The question is who recognizes it as a proper thing. There is a conference system.

Q. If you do not like the word "recognize" let us say it is well known there is a Conference system governing the rates and so on in every trade route throughout the world?—A. Perhaps you had better say "Conference systems."

Q. "Conference systems"?—A. Yes.

Q. And if a line operates in more than one trade route, it would naturally be a member of more than one Conference?—A. Quite so.

Q. And that is what you speak of as "interlocking"?—A. Interlocking.

Q. That is all you intend to convey—and no more than that?—A. That is what I intend to convey.

Q. So this great "world-wide Combine," as a central organization, does not, in fact, exist?—A. I never suggested it.

Q. And all that we have is that the Conference system, whether it be good, or bad, is a system which operates over all the trade routes of the world?—A. And interlocking in most of them.

Q. And prevails, as regards the ports, in every country in the world having maritime ports?—A. Just about taking in the world, yes.

Q. So that if we are starting out in Canada—oh, well, I will drop that?—A. Yes, drop it.

Q. I do not need your permission. I will put it.—A. All right; you will get your answer.

Q. If you want to get into a scrap— —A. We will get into a scrap.

Q. Now, we will follow through these nefarious endeavours. I think the first thing you took up after this deal, as far as Canada is concerned, was the purchase of the Elder-Dempster Line?—A. Yes.

Q. At page 4 of your report?—A. Yes.

Mr. SYMINGTON, K.C.: There is something much more important than that just ahead of it—"Increase of immigrant rates."

By Mr. Montgomery, K.C.:

Q. My learned friend wants me to ask you about the increase of the immigrant rates, which he says is more important than the subsequent paragraph.—A. Very well.

Q. I am always glad of a suggestion. You say that the rates at a certain time, which you mention as "this time"—whenever it was— was £3/10. Is that correct?

Hon. Mr. McMURRAY: To what page are you referring, Mr. Montgomery?

The WITNESS: Page four.

Mr. MONTGOMERY, K.C.: Page four.

The CHAIRMAN: In the middle of the page.

By Mr. Montgomery, K.C.:

Q. I would be interested in knowing what time it was when the rate was £3/10?—A. About 1900.

Q. 1900?—A. Yes.

Q. Are you sure of that?—A. Well, I know we used to send them from the office by the hundreds and the thousands. I was then Immigration Commissioner for Canada.

Q. I have a memorandum of rates for my own information which indicates that the rate in 1900 was £6?—A. It was not the immigration rate that we, in the Immigration Office, were working under.

Q. And I have information there was a £3/10 rate in force at one time?—A. Yes, and for a very considerable time.

Q. And that was in March, 1895?—A. I went over as Immigration Commissioner, or in the Immigration Department, in 1898, and we had a £3/10 rate that we availed ourselves of, outside of the Conference, until the Elder-Dempster disappeared, and afterwards the same rate from Sir William Petersen, when he was running the Franco-Canadian Line, because I think I turned in thousands of immigrants to him at that rate. Sir William Petersen will be able to give you the details of that; I cannot charge my mind exactly with it.

Q. When was it you were turning in those thousands of immigrants to Sir William Petersen?—A. I cannot exactly give you the date, but some time prior—

By the Chairman:

Q. How long were you in the Immigration Office?—A. I was in the Immigration Office until, I think, October, 1906.

By Mr. Montgomery, K.C.:

Q. I put it to you that there was a rate even lower than that; in 1904 it was down to £3?—A. I do not know.

Q. Now, Mr. Preston, is it not a fact that in comparing the rates, you are endeavouring to suggest that these same companies which were charging £3 at that time, are now charging the much larger figure which you mention?—A. They are charging a much larger figure.

Q. Let us get back to the first part of it. Is it your suggestion that any company, other than some with whom you had special dealings, was charging the £3/10 rate?—A. My recollection is when I went to London the immigration rate was £3/10, nominally \$17.50.

Q. That was the Conference rate?—A. I cannot tell you. At that time I had hardly gone into the Conference question. The rate from Hamburg was 80 marks—

Q. Now, frankly—A. The regular rate.

Q. Now, frankly, Mr. Preston, my instructions are that you have picked out from the middle of very much higher rates, a temporary low rate that was in force during a rate war, which lasted only a few months?—A. I do not agree with your instructions at all.

Q. Can you tell what the Conference rates were at that time, on the same line?—A. I cannot tell you; only I know that, as Immigration Commissioner, we had a £3/10 rate.

Q. You said that was a special arrangement with the Elder-Dempster Company, and afterwards, with Sir William Petersen?—A. I had no arrangement with the Elder-Dempster Company at all, excepting as to the payment of a bonus.

Q. Let us put it this way, then; in comparing the rates, you are not comparing the rates of the same line between one period and another?—A. I think I am.

Q. That brings us back to the question: do you suggest that your £3/10 rate was in force at the time you have indicated, so far as the general lines were concerned?—A. In all the time after the Conference got to work, which I think was about 1900 or 1901; this other rate went up to £3/10.

Q. Is it your suggestion now that the Conference "got to work," as you say, in 1900?—A. My recollection is that when I went to London the only rate we quoted in the office for immigrants was £3/10.

[Mr. William T. R. Preston.]

Q. The Conference had been going for years before 1900; you know that, do you not?—A. No, I do not know it.

Q. Do you know when it was formed?—A. I understand it was somewhere about '98.

Q. Or, earlier than that, Mr. Preston?—A. So Mr. Ballin told me.

Q. I had not intended bothering you about that; it is my learned friend's suggestion?—A. I am very glad to answer your questions; I will tell you more.

Q. Just to finish this subject; you are not able to tell us whether the rates you are comparing are, in each case, general rates, or whether, in the first case, it was some special rate with the parties whose names you have mentioned?—

A. We had no special rate with the Elder-Dempster at all. It was their advertised rate, and it ran along until the C.P.R. bought the Elder-Dempster, I think, in 1904.

Q. That brings us to where I had started to examine you, where you told us that "Eventually, however, the Canadian Pacific Ocean Railway Company purchased the Elder-Dempster service in order to put a stop to this immigration traffic"—at page four?—A. Yes, and it put a stop to it,

Q. Is it your suggestion that the "Canadian Pacific Ocean Railway Company"—as you call it there—was a member of the Conference at that time?

—A. The Canadian Pacific Railway was a member of the Conference on the 9th of March, 1904.

Q. When did they purchase the Elder-Dempster Line?—A. I can give that to you; I think your white reply gives us the date.

Q. 1903 is the date indicated, if it will save your time?—A. Yes, but after the Elder-Dempster disappeared there was no low rate until Petersen came in.

Q. Will you absolve either the Conference or the C.P.R. from the charge you make against them there, that they, as part of this world combine,—the C.P.R. bought the Elder-Dempster to put a stop to immigrant traffic?—A. I am quite satisfied they did, and so was Sir Alfred Jones; they adopted the Conference rate.

Q. In the following year?—A. According to the Washington authority, and they give the date of the contract, Agreement "J," as having been entered into on the 9th of March:

"It is agreed that the Canadian Pacific Railway will not carry passengers of Continental nationality, other than Scandinavian or Finnish, in their own steamers, or by any other steamers in which it is interested, sailing from Great Britain and Ireland to ports in Canada and the United States."

Q. Mr. Preston, you have told us you had not seen that report from which you are now reading at the time you made these statements?—A. Yes. It does not make any difference to my report. The fact that I was dealing with was this; that, when the C.P.R. purchased the Elder-Dempster to get them out of the field, we had no non-Conference lines.

Q. But at that time the C.P.R. was not a Conference Line?—A. According to this it was a Conference line. (Indicating.)

Q. In 1903—A. No—1904; but the C.P.R. immediately adopted the £5/10 rate, I think it was. I am speaking entirely from memory as to that. But all competition ceased when the C.P.R. got rid of the Elder-Dempster Line, until Sir William Petersen afterwards came in.

Q. But we are not discussing rates; you are suggesting a world-wide combine to do this, and as evidence of it you say that the C.P.R., in order to put a stop to this competition in the immigration traffic, purchased the Elder-Dempster Line?—A. Well, that was the effect of their purchase.

Q. It is not an effect; it is a motive?—A. Well then, that was the motive; apparently so.

Q. They were not in the trans-Atlantic traffic at that time at all?—A. That was the effect of the purchase of the Elder-Dempster Line, that the £3/10 rate disappeared.

Q. If you would only state that in your report we would not bother cross-examining you. It is an illustration of the efforts of the combine to destroy competition?—A. Yes.

Q. I put it to you that at the time the C.P.R. were not interested in trans-Atlantic traffic at all?—A. Oh, yes they were.

Q. They were not in trans-Atlantic traffic at all, passenger or freight. That is correct, is it not?—A. I do not know that.

Q. You do not know?—A. No.

Q. You made the statement in the report without knowing?—A. No, I am contradicting your assumption of the words you want to put in my mouth. What I say, and I say it again is, that the removal of the Elder-Dempster Line from the British Immigration Service, the removal of it by the C.P.R. placed all the Lines running out of England up to the £5/10 rate.

Q. Let us not take up too much of the time of the Committee with this. I want to know whether you still adhere to the statement that the C.P.R., presumably as a member of the Conference, did this nefarious act in order to put a stop to competition in the immigration traffic, because that is the charge you make?—A. Yes, that is the effect of what they did.

Q. Let us pass on to the trans Canadian service. It is your next item. You do not tell us in your report who the parties were who had that service, who operated that service?—A. I will tell you now: Sir William Petersen or the Petersen Company, one or the other.

Q. Then I take it that the party referred to is the manager in that statement—A. What part are you referring to?

Q. The Trans Canadian Steamship Service?—A. Yes. I am referring to the present Sir William Petersen having that contract at that time.

Q. By the way, just one more question. I beg your pardon. Are you finished?—A. Yes.

Q. Just one more question about the Elder-Dempster; in as much as I notice it had to do with emigrant rates; do you know how many boats they took over at that time?—A. I do not know.

Q. Do you know whether they were passenger or cargo boats?—A. I know some of them were emigrant boats. I had that from Sir Alfred Jones.

Q. They were fourteen vessels, all cargo ships except three, and those three had only very limited emigration space?—A. I do not know what you call very limited. They used to carry a number of immigrants.

Q. Let us come to the French-Canadian service?—A. Yes.

Q. Is it your suggestion that the service was squelched before it was started?—A. Well, I think it had been started. I saw Sir William Petersen, then Mr. William Petersen, and negotiated with him about supplying his lines with a thousand immigrants sailing from Rotterdam and he agreed to that, when we learned the ships had been withdrawn by the Armstrong Whitworth Company.

Q. I put it to you that that portion of the service operated successfully in 1900 and 1901?—A. I am talking about the service as it was in 1905 and 1906. I am not exactly sure as to the date. That is the service I am speaking about and following that. I have personal knowledge of what took place. In the first place there were about one thousand or twelve hundred of my own immigrants who were stranded at Rotterdam for want of transportation. I learned then that the ships had been withdrawn by Armstrong Whitworth Company for some reason or other. Subsequently I was subpoenaed as a witness at the

trial that took place when Sir William Petersen sued the Armstrong Whitworth Company for breach of contract and while I was being heard a letter was read by Sir Rufus Isaacs to the Court—

Q. Is it necessary to go into all this?—A. It is very necessary because my statement has been disputed. A letter was read in Court, written by the Secretary of the Conference, threatening the Armstrong Whitworth Company, ship-builders, that unless they withdrew their line—

Q. You are making so many statements which we cannot control that I would ask you to please limit your statements to things for which you can produce authority?—A. There was a letter read from the Secretary of the Conference to the Armstrong Whitworth Company that if they did not withdraw their boats from Petersen they would not get any other repairs from the Conference Lines and the ships would be ordered—

Q. Was the Armstrong Whitworth Company building ships at that time?—A. I only heard the letter read, with Judge Kennedy on the Bench.

Q. This whole statement was based on your recollection of some letter you heard in Court twenty years before?—A. Go and look at the Law reports and you will see it there.

Q. There is no mention of such a letter in the law reports. I am asking one question and I will drop it there.—A. You will not drop it in questioning the truth of my evidence at all. Sir William Petersen is here and he will say that that letter was read by Sir Rufus Isaacs.

Q. We will let Sir Rufus Isaacs rest for the time being. Have you any authority for the statement you make other than a recollection of a letter you heard read in court some twenty years before?—A. I have a very vivid recollection of it. I was a witness in the case and I got £35 as a witness fee.

Q. The Armstrong Whitworth & Company were not building passenger liners at all, or boats such as were used by the Conference?—A. I am telling you about an entirely different matter in regard to a letter and a threat.

Q. They were not repairing boats at that time?—A. Your instructions are all wrong.

Q. My instructions are that they were not repairing boats at that time.

Mr. SYMINGTON, K.C.: Where did you get those instructions?

The WITNESS: That is all I can tell you.

By Mr. Montgomery, K.C.:

Q. A moment ago you told us you did not know whether they were or not and you did not care?—A. I am not going to let you—. If you are giving evidence all right. I am giving evidence.

Q. Were the Armstrong Whitworth Company at that time building liners such as—A. I don't know whether they were or not.

Q. Were they repairing?—A. I am dealing with that question that a threat was made to them and they withdrew the boats and my emigrants were left at Rotterdam.

Q. I put it to you that they withdrew the boats because they were not paying?—A. How did Sir William Petersen get a judgment against them for so many thousand pounds?

Q. That was all luck but still the boats were withdrawn because they were not paying?—A. I am giving the reason why they were not paying and there were other threats as well.

The CHAIRMAN: Pass on to another thing. He is not going to answer until you have asked him another question.

By Mr. Montgomery, K.C.:

Q. I will take the emigration particularly. I will ask you to turn to page 6, under the title "Discrimination Against Canada," where you say "having now

[Mr. William T. R. Preston.]

secured absolute control of the transportation of emigrants to North America, the combine proceeded to deal with the question of ocean freight rates. According to the records of the Department of Trade and Commerce, a pronounced discrimination was immediately declared against Canadian ports in favour of American ports as the settled policy of this steamship combine." I ask you whether or not from the research which you have made and from the evidence which you have heard in this case—we will try to shorten it—you adhere to that statement that a pronounced discrimination was made against Canadian ports in favour of American ports as a settled policy of the combine?—A. Yes, in regard to flour.

Q. You know the circumstances of the flour business?—A. I am giving you one case.

Q. Please be fair?—A. I am quite fair.

Q. You know how the difficulty arose in connection with flour. It was something special. Do you or do you not answer? You have been sitting here all through the inquiry. You made an investigation which covered many months?—A. Yes.

Q. Making a report on discrimination against Canada; are you able to cite anything to me other than the controversy on the subject of flour?—A. It is quite enough for my purpose.

The CHAIRMAN: Try and answer the question categorically. Mr. Montgomery asked you have you any other instances of discrimination. Say yes or no.

By Mr. Montgomery, K.C.:

Q. You know now, if you did not know then, how that difficulty arose in respect to flour?—A. I know what went on.

The CHAIRMAN: Would you answer that question? Was there any other commodity a subject of discrimination except flour?

Mr. SYMINGTON, K.C.: I am going to argue this, Mr. Chairman. The statement points out that it is according to the records of the Department of Trade and Commerce. He states it was according to the records of the Department of Trade and Commerce that discrimination was pronounced against Canadian ports.

The CHAIRMAN: I suggested to Mr. Preston the advisability of making categorical answers to the question, and the question which I put, after Mr. Montgomery had put his, was, whether there was any product other than flour the subject of discrimination and I understand your answer is what?—A. Not at that particular time.

** By Mr. Montgomery, K.C.:*

Q. What other at any other time?—A. There is a complaint here in the Department at a later date from the L. R. Graham Company.

Q. What page?—A. Page 20. The name is not given but that is the one I referred to.

Q. What is that? About apples?—A. Yes, about apples.

Q. If you will look at that complaint you will see that it is not discrimination against lines at all but the complaint is that the U.S. Packers, being more adjacent to the seaboard, are able to ship at a very much lower through rate?—A. "The largest exporter of evaporated apples directs attention to the effect of the discrimination existing against Canadian ports, rendering it absolutely necessary for him to export his products by New York instead of via Canadian ports, and he is also able to secure more favourable rates there than by the Combine Lines for Montreal or Halifax, and the rates that he gives are, Hamburg and Rotterdam, 30 cents per hundred pounds."

[Mr. William T. R. Preston.]

Q. Mr. Preston, we are discussing now discrimination against Canadian ports in favour of American ports. We will leave Hamburg and Rotterdam alone for the moment?—A. Flour is the only one I know of at the moment there.

Q. Flour is the only one you know of at the moment there?—A. Your statement in your report is that, having secured control of transportation of emigrants in North America, a pronounced discrimination was immediately declared against Canadian ports. Let us fix a few dates. When was it they secured this control?—A. They secured the control following—

Q. The purchase of the Elder-Dempster Line?—A. No, following getting rid of Sir William Petersen.

Q. When was that?—A. About 1906.

Q. And the pronounced discrimination was immediately declared. Flour is the commodity you referred to. When was that preference on flour declared?—A. I haven't the records of the Department with me, but I will look it up and give it to you again.

Q. I want to put it to you that so far from being immediately declared it was no less than 14 years afterwards?—A. I know it was not.

Q. My instructions are that it was in 1920 that that differential on flour was ordered out.

Mr. SYMINGTON, K.C.: He did not say that.

Mr. MONTGOMERY, K.C.: He can answer for himself.

The WITNESS: The millers were making a fuss long before 1920.

By Mr. Montgomery, K.C.:

Q. The flour question is fairly well known now?—A. Yes; it is settled now.

Q. Can you tell me when the differential was put into force? We have it in the records, and my learned friend has proved it already. Was it in 1920?—A. No, it was before that.

Q. Well, when?—A. I think I will find you a record of it; I know I will.

Mr. SYMINGTON, K.C.: That differential on flour was not the first thing.

By Mr. Montgomery, K.C.:

Q. Do you know of the differential put in force in 1920?—A. I don't know what you mean by the differential.

Q. There was a difference between the Canadian and the American rate as regards flour, which existed down to 1924, if I am not mistaken?—A. Yes.

Q. Is that the one to which you refer?—A. That is the principle to which I refer.

Q. Well, is that the discrimination to which you refer?—A. No, I refer to one prior to 1913.

Q. Prior to 1913?—A. Yes.

Q. That must have been removed in the interval between 1913 and 1920?—A. I could not tell you.

Mr. SYMINGTON, K.C.: My learned friend is quite mixed in regard to the differential. The differential was a different thing from the higher rate on American than on Canadian commodities. The differential was something that arose as a differential between other grain and wheat.

Mr. FLINTOFT: Do you say there was a different rate to American ports between 1913 and 1920?

Mr. SYMINGTON, K.C.: That is what I understand.

By Mr. Montgomery, K.C.:

Q. Is it your statement, Mr. Preston, that in 1919 there was any difference in the rate between the United States and Canada, as regards flour?—A. What I had in mind in writing that was something that was anterior to 1913.

Q. Will you make the statement with regard to any year between 1913 and 1920, that there was any difference between Canadian and American ports as regards flour?—A. In 1913 you bring in the six years of the war. I do not bring that in at all.

Q. Please, Mr. Preston; we do not want to lose too much time, there is so much to discuss. Can you give us anything to justify the statement you make so emphatically in your report, that as soon as they got control a pronounced discrimination was immediately declared against Canadian ports in favour of American ports?—A. I think I can.

Q. Can you give it to us now?—A. I cannot carry all the documents with me.

Q. But here is something that is as serious as any accusation you are making. Give us your authority for it?—A. I will give you my authority for it in time.

Q. You cannot give us your authority or say how you back up that statement?—A. I can.

Q. Tell us, then?—A. Some papers or letters I have seen from the Millers' Association, I think, the Canadian Millers' Association.

Q. Are they the ones you cite in your report?—A. I had them in my mind's eye, for one thing.

Q. I ask you whether the letters to which you refer are the ones you cite in your report?—A. They are, or the complaints.

Q. These letters all referred to the difficulty that arose in 1920?—A. No. I have seen something in 1914, Mr. Montgomery; I am quite sure about that, and earlier than that.

Q. So that on the strength of something you have seen somewhere in reference to some dispute about flour?—A. No, I have seen it in the departmental records; that is what I say, and if you will give me a chance I will look into the records.

Mr. SYMINGTON, K.C.: My learned friend must be fair. He says it is in the records of the Department.

By Mr. Montgomery, K.C.:

Q. Accepting your present statement as true, Mr. Preston, would it, in your opinion, support the statement that the general policy of the combine, by quoting lower freight rates to the United States, had a serious effect upon Canadian shipping and Canadian trade?—A. Yes.

Q. As a matter of general policy?—A. Yes.

Q. Flour being only one of possibly hundreds of commodities?—A. Taking the bulk and value of it, yes, very important.

Q. And upon the strength of some controversy in respect of flour, you say that that was the general policy?—A. From the records of the Department I have taken that, yes.

Q. You cannot show anything to support it, except a controversy about flour?—A. It is not a controversy on flour, pardon me. I am taking the records of the Department, what is there.

Q. Call it anything you like, it relates to flour?—A. It relates to flour.

The CHAIRMAN: Mr. Montgomery, if you are going to start on another aspect of the case, we might perhaps now discontinue until to-morrow.

Mr. MONTGOMERY, K.C.: I must apologize, Mr. Chairman, for taking so much time on this report. This report is what has started every bit of trouble,

[Mr. William T. R. Preston.]

and it is quoted all over the place. There is scarcely a paragraph in the report upon which my instructions are not to cross-examine.

The CHAIRMAN: You do not understand that I am trying to limit you at all in your cross-examination, I hope.

Mr. MONTGOMERY, K.C.: Certainly not. Very often these cross-examinations are very tedious and uninteresting.

The CHAIRMAN: All right. This Committee stands adjourned until tomorrow afternoon at half-past three o'clock.

The witness retired.

The Committee adjourned.

Special Committee appointed to consider the
Resolution
to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 15—Wednesday, May 13, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. John R. Middleton, Chief Accountant, Furness-Withy, Limited, London, England

Mr. James M. Carruthers, Manager City Dairy Ltd., Winnipeg, Man.

Mr. William T. R. Preston, Gentleman, Ottawa (*Continued*)

EXHIBIT

No. 70—Importations of butter into the United Kingdom. Filed by Mr. J. M. Carruthers. (Read into evidence)

OTTAWA

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
WEDNESDAY, May 13, 1925.

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—15.

On motion of Mr. McKay, seconded by Sir Eugene Fiset:—

Agreed, That Messieurs W. J. Maclean, Traffic Manager, Massey-Harris Co. Ltd., Toronto; W. A. Caldwell, Traffic Manager, Dominion Cannery, Ltd., Hamilton; J. M. Carruthers, Dairyman, Winnipeg; G. A. Gillespie, Dairy Manufacturer, Peterborough, and W. W. Moore, Cheese Exporter, Montreal, be called as witnesses before this Committee.

On motion of Hon. H. H. Stevens, seconded by Sir Henry Drayton:—

Agreed, That Messieurs Alex. Johnston, Deputy Minister Marine and Fisheries, and C. F. M. Duguid, Naval Architect, Department of Marine and Fisheries, be called as witnesses.

Mr. John R. Middleton, Chief Accountant, Furness-Withy, Limited, London, England, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 6 o'clock p.m. to meet again at 8 o'clock p.m. this day.

The Committee reassembled at 8 o'clock p.m., the Chairman, Mr. McMaster, presiding; all Members of the Committee being present.

Mr. James M. Carruthers, Manager, City Dairy, Limited, Winnipeg, who was in attendance in obedience to summons, was called, sworn, was examined and was discharged from further attendance.

During the course of his examination Mr. Carruthers filed exhibit No. 70, "Importations of butter into the United Kingdom" which was read into evidence.

Mr. William T. R. Preston, who was again in attendance, was further examined and retired.

The Committee adjourned at 10.40 o'clock p.m. to meet at 3.30 o'clock p.m. to-morrow, Thursday, May 14, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
WEDNESDAY, May 13, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have a quorum, and the Committee will please come to order. Shall we ask Mr. Middleton to come forward and take the witness chair?

Mr. MONTGOMERY, K.C.: As you recall, Mr. Chairman, there was a discussion about holding a sitting in camera, but if that could be avoided, I, myself, would almost prefer it, excepting should a matter come up upon which Mr. Middleton feels he is not free to comment, it could possibly be suspended for the time being, and a camera sitting held.

The CHAIRMAN: I, and I am sure the Committee agree with you that it is desirable to avoid a sitting in camera as much as possible.

JOHN ROBERT MIDDLETON called and sworn.

By the Chairman:

Q. What is your full name?—A. John Robert Middleton.

Q. Where is your home?—A. London, England.

Q. You are connected with what line?—A. Furness-Withy Limited, and its associated companies.

The CHAIRMAN: Proceed, Mr. Montgomery.

The WITNESS: I think Mr. Symington was to question me.

By Mr. Montgomery, K.C.:

Q. You might tell us what your position is?—A. I am the Chief Accountant of the Furness-Withy Company, and the Supervising Accountant of the whole of the associated and subsidiary companies of Furness-Withy, including the Manchester Liners.

Mr. MONTGOMERY, K.C.: I may explain, for the benefit of those who were not present, that Mr. Middleton has received a cable calling him back to England right away, and it was suggested we might get over this wrangle about these accounts by examining him now, on the questionnaire submitted by my learned friend, and it might result in an elimination of some of the examination of Mr. Scott.

Mr. SYMINGTON, K.C.: I will do the best I can; I do not know just exactly what the idea is—

The WITNESS: Mr. Symington, might I make a suggestion? If Mr. Scott is sitting beside you while you are examining me, if he has any supplementary questions on the questionnaire he would like to ask, may he put them in as we go along, and I will do the best I can to answer them.

By Mr. Symington, K.C.:

Q. Mr. Middleton, what are the associated and subsidiary companies of the Furness-Withy Company?—A. It is rather a long list, but I will read them to you.

Q. It is what is contained in "Fair Play"?—A. Yes, that pretty well covers the whole situation.

The CHAIRMAN: Oh, you had better read them. If they are engaged in the Canadian trade, we had better have them.

The WITNESS: They are not, Mr. Chairman; some of these companies are not engaged in the Canadian trade at all.

Mr. SYMINGTON, K.C.: Oh, it is rather important, I think, in view of the interlocking suggestions, and so on.

The WITNESS: The Johnston Line Limited; the Houlder Line, Limited; Houlder Brothers & Company, Limited; Empire Transport Company, Limited; British Empire Steam Navigation Company, Limited; Furness-Houlder Argentine Line Limited; British and Argentine Steam Navigation Company, Limited; Gulf Line Limited; Prince Line Limited; Manchester Liners, Limited; Norfolk and North American Steam Shipping Company, Limited; Neptune Steam Navigation Company, Limited; Rio Cape Line Limited; Warren Line Liverpool Limited; Danube Navigation Company, Limited.

By Mr. Symington, K.C.:

Q. Those companies run regular lines to North and South America, the Pacific coast, South Africa, China, Japan, and the Mediterranean ports?—A. And Australia and New Zealand.

Q. And Sir Frederick Lewis is the Managing Director—is that what you call him?—or the Chairman of the Board?—A. Sir Frederick Lewis is Chairman of the Furness-Withy Company; he is also Chairman of some other companies mentioned in the list I have given.

Q. And apparently either he or the Furness-Withy Company have very large holdings in these, what you call, subsidiary or associated companies?—A. That is quite right.

Q. All these companies are, I assume, members of Conferences running between these different ports?—A. Except in the case of one or two management companies which are included in that list, which are not properly steamship companies.

Q. What are the management companies included in that list?—A. Houlden Brothers & Company, Limited is one; the British Argentine Steam Navigation Company is not directly a member of any Conference; the Danube Navigation Company operates in mid-Europe, and is not a member of any Conference.

Q. It is a coastal line around Europe?—A. It operates in the centre of Europe.

By the Chairman:

Q. On the Danube River?—A. Yes.

By Mr. Symington, K.C.:

Q. But so far as the trans-oceanic lines are concerned, these companies are, generally speaking, members of the various Conferences throughout?—A. In every case where they operate on the high seas.

Q. Then, do the Furness-Withy Company, in addition, manage these companies?—A. Some of them.

Q. For a consideration?—A. In some cases, yes.

Q. That is in addition to owning—or "controlling" perhaps I had better say—these companies, they also earn something as managers?—A. I think this

[Mr. John R. Middleton.]

question is covered in your questionnaire, which you will probably come to later. If you would like me to answer it now, I will.

Q. I think so, because I have not had time to go over the questionnaire very carefully?—A. Furness-Withy & Company are managers of the Johnston Line, the Warren Line, the Gulf Line, the Neptune Steam Navigation Company Limited, the Norfolk and North American Steam Shipping Company Limited, the Danube Navigation Company, Limited, Prince Line, Limited, Rio and Cape Line, Limited—I think that is the lot.

Q. Let us take these lines operating in the North Atlantic Conference. Of what lines are they the managers?—A. The first five I mentioned, the Johnston Line, the Warren Line, the Gulf Line, the Neptune Steam Navigation Limited, and the Norfolk and North American Steam Shipping Company Limited. You will note, Mr. Symington, that I am excluding Manchester Liners from these lines; they being a separately managed company entirely; the Furness-Withy Company not being managers of that company.

Q. How do the Manchester Liners operate, then?—A. Under a Board of Directors.

Q. Sir Frederick Lewis being the Chairman?—A. Yes, Sir Frederick Lewis is the Chairman.

Q. And are their earnings kept separately, and then put into the Furness-Withy?—A. No, an entirely separate company.

Q. Whatever goes into the Furness-Withy goes in by way of dividends?—A. That is quite right.

Q. And do the operating officers of Furness-Withy operate the Manchester liners?—A. Not in any degree whatever.

Q. Now then, there is another one you have not given us,—the Manchester Ocean Line Limited?—A. The Manchester Ocean Services Limited is a subsidiary company of the Manchester liners.

Q. Who operates it?—A. The Manchester Liners.

Q. Then are Furness Withy and Company interested in any colliery companies?—A. Not at the present time.

Q. Not at the present time?—A. No.

Q. Do Furness-Withy buy coal for all these various lines?—A. Furness-Withy buy coal and fuel for all the companies with whom they are associated except the Manchester Liners.

Q. With respect to supplies, food and so on?—A. I might qualify my last statement by saying that so far as all the other lines are concerned they perhaps might, as the managing company, look after that end of it.

Q. Furness-Withy and Company do not interfere in the supplies of those companies. With respect to the others they supply them with their supplies and charge it in their books?—A. With respect to the other companies Furness-Withy contract for fuel, coal or oil for the whole of the requirements of their own steamers and the steamers belonging to their subsidiary companies for a period. The steamers of the subsidiary companies take their requirements out of the Furness-Withy contract, at the exact price contracted for by Furness-Withy without any profit or commission accruing to Furness-Withy as the parent company.

Q. That goes in as part of their managerial duties, that they look after that without profit?—A. That is so.

Q. With respect to those that they are managers of, what is the nature of the remuneration. How is it worked?—A. A percentage of the gross freight of the steamers.

Q. A percentage on the gross freight of the steamers?—A. Yes.

Q. That is, Furness-Withy, for instance, owning the Johnston Line, say, charge as managers, a percentage on the gross earnings on the Johnston Line?

—A. No. Furness-Withy, as managers, in some cases, charge a percentage upon the freight that the steamers earn homeward. If the steamer carries freight outward, from the U. K. to some other port, Furness-Withy do not, in the ordinary way, charge any commission on that freight.

Q. They would on the ordinary freight?—A. It may be in some cases that they get a percentage on that outward freight but it is an exceptional occurrence.

Q. They, in a sense, operate a brokerage business as well? They get brokerage on freight?—A. Brokerage is handled by an entirely separate department to the managerial department.

Q. But it is a department of the same company?—A. Yes.

Q. And earns its return in the brokerage department of Furness-Withy?—A. The brokerage department of Furness-Withy handles not only Furness-Withy; they are trading all over the world. They look after business attached to the business throughout, everywhere, in all parts of the world. Their brokerage department may book cargo for other lines than Furness-Withy and in that case they would get a commission for booking that cargo.

Q. If they book it for the other lines they also get a brokerage?—A. In some cases they do charge a brokerage commission upon outward freight booked for their own lines.

Q. Otherwise it would be to their advantage to send it by the competing lines, would it not?—A. It depends, Mr. Symington.

Q. So that Furness-Withy—what I am trying to get at, without getting the earnings—get a brokerage in some cases you say on the outgoing freight?—A. Yes.

Q. They get a commission on the home coming freight?—A. Always.

Q. They get a managerial remuneration for managing the lines?—A. Which you have just described.

Q. That is what I want to get at?—A. Yes, that is quite right.

Q. They get no remuneration for management other than commission and brokerage?—A. That is quite right.

Q. They charge up for all overhead and head office expenses to the various voyages?—A. I wish they did. Unfortunately they do not.

Q. They charge up nothing?—A. They do charge up something.

Q. They do charge up in the voyage accounts what are termed head office, management, sundry expenses?—A. Let us have this quite clear. Furness-Withy make a charge against every steamer managed by them to cover overhead expenses. In no case is the amount charged against the steamers en bloc during the year sufficient to cover in any office the cost of operating that office.

Q. I am not criticising the accounts at the moment at all. I am trying to get the method by which they realize from brokerage and they realize from commissions. There is something for managerial overhead expense?—A. Quite true.

Q. And they also hold, in some cases, all, and in other cases a large part of the stock in these lines from which they may or may not get dividends?—A. Quite true.

Q. Now, turning to Mr. Scott's questionnaire you were asked in number one to produce, without reading it what is termed voyage accounts?—A. Are you reading from the Manchester Liners or the other five companies?

Q. I am reading from the Manchester Liners.

The CHAIRMAN: May I make a suggestion. Have you got an extra copy that you could let the witness have?

The WITNESS: I have it.

[Mr. John R. Middleton.]

By Mr. Symington, K.C.:

Q. He has it. I do not want to encumber the record. "Please produce a statement showing the gross income per voyage from freight or other receipts separated, also expenses actually controllable by the master of the ship, setting the detail of these disbursements, without apportioning any estimated expense management, general office, overhead, brokerage, or other commission." Can you do that?—A. I have already produced a statement showing the whole of the details of the voyage accounts which are available on this side and these statements show the gross income for the voyage for freight or other receipts separated. With regard to the expenses controllable by the master of the ship, these are strictly limited to his personal expenses, and the estimated expense of management, general office, overhead, etc., are dealt with in a later paragraph of his questionnaire.

Q. Mr. Middleton, as chief accountant, you quite understand what the auditor was asking you in that question. Can you furnish that information?—A. I have furnished it.

Q. You say you have furnished it?—A. Yes.

Q. Well now, while these are not probably part of the confidential information, we might not mark those.

Mr. MONTGOMERY, K.C.: Just handle it so we can avoid making a session in camera if we can.

By Mr. Symington, K.C.:

Q. I show you the voyage sheet of the Canadian Government Merchant Marine and the voyage sheet of the C.P.R. Would you kindly look them over and say whether we have the information from your sheets that we have from those?—A. Certainly not. That is not what you asked for. If you had given me this information I might have made an attempt to get it. This is the first time I have seen these accounts.

Q. On looking at the Canadian National there is nothing on there but the receipts and the actual disbursements controllable by the master of the ship, is there?—A. Yes, quite a good deal.

Q. What is there?—A. If a master of the Canadian Government Merchant Marine controls these expenses he is in a very exceptional case.

Q. Do you merely refer to port charges?—A. I am referring to a lot of terms appearing on this account. We would not think of allowing our master to control commission, pilotage, wharf rental, wages, repairs, coal and incidentals.

Q. Then leaving aside the language of the question of the coal, for running expenses or whatever you like, can we get from your sheet the information that we get here?—A. You cannot get that from the voyage statement but I will be quite prepared to give all these details if you will send some one to England to examine the detailed record kept there. It is absolutely impossible to expect us to bring the whole of the details, to bring some hundreds of voyage accounts on this side with the vouchers necessary to substantiate the entries.

Q. What we wanted to know were the takings of the ship and the actual expenses of the ship, leaving aside all apportioned charges.—A. The only item in the account I am giving to you which shows anything for the estimated expenses is £500 under the heading of "Sundry Expenses," of which I have given full details to your accountant.

Q. For instance, looking at the two you will understand that the accountant can tell the actual earnings of the voyage from the Canadian Merchant

Marine or the C.P.R., in a much more accurate and detailed way than he can from yours?—A. Not at all, unless the accountant is going to suggest that the items we show as disbursements in the U.K. port are not correct, because the whole of the detail is not shown.

Q. Do I understand then that you do not keep voyage sheets similar to the Canadian Pacific?—A. I never heard the expression "voyage sheet" until it fell from your lips the other day, Mr. Symington. We keep, in every office that we have, voyage accounts of every steamer. These voyage accounts contain a summary similar to the one produced to you. Behind that summary is the detail of every item charged up in that account and vouchers in respect to every payment made.

Q. Was this exhibit of yours simply taken out for the purposes of this inquiry?—A. That is an exact copy of the voyage book, extracted for me for the purpose of bringing across to this side for this inquiry. It is not an account prepared for the inquiry. It is an exact copy which has been audited, certified and forms part of the company's annual accounts.

Q. You have no voyage accounts, or whatever they call them, showing the cargo carried and the rate?—A. That is contained in the manifest which we have in respect of each voyage; that manifest being passed through the book in toto, not in detail. This information must have been extracted from the manifest and would not appear in the books of the Company.

Q. These statements are not prepared for us by the Canadian Government Merchant Marine. They have been right on file and so have the C.P.R.—A. I am only speaking as to how these manifests are dealt with in our own accounts.

Q. Well, then, I understand, Mr. Middleton, that so far as the details asked for are concerned, you cannot give them, they are in England?—A. Oh yes, the only details not furnished on my account, which are furnished upon the accounts you have submitted to me now, are in respect to the item of £500 put to that Voyage Account.

Q. There is a great deal more than that, isn't there, of details.—A. The only difference in the two accounts is that in the account of the Canadian Government Merchant Marine, you have shown a lot of expenses in detail, such as Coöperage, amounting to about \$25; Claims, about \$68; Inland Freight, about \$32; Wharf Rental, about \$33; and items like that which are absolutely small compared to the amount involved in the voyage. Whereas in the account I have submitted to you I give you the port charges at each port; the cost of the fuel consumed on the voyage; the actual amount of the wages, the actual amount of the insurance; the actual value of the stores and provisions consumed; the amount charged for Management Commission, which in this case represents about 2 per cent of the freight; an amount for repairs, actually spent on the voyage; and a charge of £500 named as Sundry Expenses which covers: the cost of wireless; the cost of the direction finder; cables; telephones; stationery; advertising; quay rent at Manchester; technical department expenses; provision for cargo claims; and an amount set aside each voyage to cover the periodical classification survey. Those items constitute the charge of £500 per voyage.

Q. We will come back to that in a moment. Taking these two, for instance loading and discharging, shown on these Canadian Government and C.P.R. Voyage sheets, are included in the total statement of the expenditure at a port with you?—A. That is quite right.

Q. You picked out the small ones, I hope you noticed that?—A. Yes, but the others are all ordinary items.

Q. I say you do not show loading and discharging which amounted in this case to \$7,938, other than in a general total of the expenditure at a port.?—A. That is quite true.

Q. You do not show tallying, which in this case amounted to \$207, other than as included in the total charges at the port?—A. Quite true.

Q. You do not show Pilotage, which in this case amounted to \$818.—A. Quite true!

Q. You do not show Towage which amounts to \$933.—A. That is so.

Q. Wharf Rental?—A. Wharf Rental I have explained is included in the item of Sundry Expenses.

Q. You do not show on your Deck Department the wages, supplies, repairs, or incidentals separately.—A. I show the wages separately; I show supplies separately and I show repairs separately.

Q. You show the wages in one lump for the whole voyage, isn't that it?—A. For the whole ship.

Q. And the whole voyage?—A. Yes.

Q. Whereas these show wages for Deck Department, Engine Department and Steward's Department.—A. Yes.

Q. The Canadian Government Merchant Marine, and the C.P.R., and so on all down the line, you have 11 heads as opposed to 28?—A. Yes, but you can cut a good deal of that 28 out, items of \$30 surely.

Hon. Mr. STEVENS: They are not 28 headings, Mr. Symington. If you get the headings, then there are details added.

Mr. SYMINGTON, K.C.: 28 amounts shown.

Hon. Mr. STEVENS: But you made a comparison of headings.

By Mr. Symington, K.C.:

Q. Then I will change the whole question. It shows 11 amounts as opposed to 28 amounts.—A. Yes.

Q. Now then, Mr. Middleton, you were asked to produce a statement showing the number of steaming days on your voyage.

Hon. Mr. STEVENS: Mr. Symington, before you leave that, I would like to know from the witness, for myself, if that account is an accurate account; the collected figures are accurate, as far as they go, leaving the question of detail out.

Mr. SYMINGTON, K.C.: The witness has already said so.

Hon. Mr. STEVENS: Let him make a clear statement on that point.

The WITNESS: The whole of the voyage accounts which we have submitted, have been audited by the officers of the company and form part of the certified accounts for the financial years in question. These accounts have been examined in detail by the auditors, with the vouchers, and have been certified by them to be correct, and have been duly incorporated in the company's annual accounts.

In addition to this, Messrs. Price, Waterhouse & Co., in England, have made a detailed examination of all the voyage statements, of all the voyage accounts, with vouchers, and they also have certified the accounts to be true and correct. In addition, they have traced each account to the financial books of the company, and into the balance sheets of the various companies.

By Mr. Symington, K.C.:

Q. Then what you say is that these accounts correctly portray what is in the books of the company?—A. Absolutely. To a penny.

Q. Then is this in—taking your voyage sheets—the cost of your boats?—A. No. Do you mean this?

Q. Yes.—A. It is not usual to state the cost of a steamer in a voyage account.

Q. Is it in the books, I ask?—A. It is in the financial books of the company, the cost of the steamer.

Q. But that amount, which you say represents the written down value?—

A. No, that amount you have there, stated as the written down value, represents what the value of the steamer would have been had it been depreciated at the rate of four per cent per annum from the day it was delivered from the builders. Whether such depreciation has been written off or not is an entirely different matter.

Q. In other words, Mr. Middleton, this statement upon which you show an amount to be earned—upon the amount to be depreciated—shown on these summaries—would ordinarily appear upon Voyage Sheet summaries—they are not in the books, but they are something put there upon that basis which you explained, four per cent, for the purpose of this Committee.—A. Those figures are not contained in any voyage account that I have ever seen in my life.

Q. I quite agree with you.—A. Those figures were put there for my special guidance in handling these voyage accounts, at my own request.

Q. For here, you mean?—A. Not for here at all. Before I left England, before I knew the Committee had been appointed, or what turn the enquiry was going to take.

Q. Why did you not put down what the boats really represent, in their value?—A. I have put down what the boats represent in their value. If you wish that you can take your top figure, the cost of the steamer. That is what they represent to the company.

Q. The cost of the steamers, no matter how old they are or whether they have all been written off out of earnings.—A. You are assuming something.

Q. Then you say that that figure represents the cost or the position with respect to the company? It cannot be so if you write off depreciation?—A. If your question is coming around to the value upon which we should claim depreciation, I can state right away now, we claim depreciation upon the original cost of the ship.

By Mr. Duff:

Q. At four per cent?—A. At four per cent per annum, which is the rate allowed by the English taxation authorities for taxation purposes.

By Mr. Symington, K.C.:

Q. Irrespective of what may be its value or what it has in fact been written down to out of earnings.—A. We apply the basis adopted by the Inland Revenue authorities; by making the calculation upon the original cost value.

Q. And irrespective of whether or not those boats have been all written off out of earnings?—A. I have stated that those boats stand in the books at the original cost value, so they cannot have been written down.

Q. Stand in the books at the original cost value.

By Mr. Duff:

Q. Don't you have an account for reserve, or depreciation?—A. That is another question, Mr. Duff.

Q. You deduct four per cent and you must put that to another account as depreciation?—A. No.

Q. What do you do with that?—A. The Inland Revenue authorities allow us each year a wear and tear allowance of four per cent, calculated upon the original cost of the steamer, as a charge against the assessable profits of the company. That has nothing whatever to do with what the company may be in a position to set aside as against its fleet. If the company has sufficient surplus income, after providing for what it considers to be its proper requirements by way of dividend and interest charges, and redemption of debentures, and anything of that description, the company may then set aside such surplus profits into a general depreciation account.

[Mr. John R. Middleton.]

Q. A larger sum than the four per cent?—A. It may be more or it may be less. In the last two years, Mr. Duff, it has been absolutely nothing in every company I have control of.

By Mr. Symington, K.C.:

Q. Well, Mr. Middleton, here in Canada, if you write anything off for depreciation, you have to show it and pay upon it.—A. So we do in England.

Q. You have to write it off in your books though?—A. Not necessarily in England.

Q. I say you have in Canada.

Mr. MONTGOMERY, K.C.: Where do you get that theory?

Mr. SYMINGTON, K.C.: I get it from Mr. Breadner and Mr. Scott.

Mr. DUFF: If you credit it on your books, it must appear in two accounts.

Sir HENRY DRAYTON: For taxation purposes.

Mr. MONTGOMERY, K.C.: You do not necessarily write off the value. I know lots of them where there are the two.

Mr. DUFF: If you take it off the one account, you have to put it to reserve.

By Mr. Symington, K.C.:

Q. You have to make exactly the same entry in your books that you pay on.—A. It is entirely different in England.

Q. Are these values cash or stock value?—A. Stock values? They are the exact amounts paid to the builders for the ship in cash.

Q. That is the cash value then?

Mr. MONTGOMERY, K.C.: Don't put down that "stock value." It looks as if you are answering "stock value."

The CHAIRMAN: Has the reporter got it right then?

Mr. SYMINGTON, K.C.: I said "Are these cash or stock values?"—A. When I said "stock values," I was raising a query.

By Hon. Mr. Stevens:

Q. Are these values the actual purchase prices?—A. They are the actual cost values of the steamers.

By Mr. Symington, K.C.:

Q. Paid in cash?—A. Paid in cash.

Q. In your particular line, you have not bought as between lines and so on?—A. No.

Q. The Manchester Ocean Company for instance have what, four boats?—A. The Manchester Ocean Services have three steamers.

Q. They are owned by the Manchester Liners, and Manchester Ocean Service Company?—A. The Manchester Liners own I think, all the stock, or all the shares in the Manchester Ocean Services.

Q. The reason I ask is that I noticed that the Manchester Liners got or owned boats prior to the date when the Manchester Ocean Services came into being and also owned or got new boats subsequent to that date.—A. The Manchester Ocean Services is quite a new company, comparatively speaking.

Q. But the Manchester Liners have constructed or bought boats since the Manchester Ocean Services came into being?—A. Yes. The Manchester Liners have two steamers building at the present time, if they have not been built since I left England.

Q. So that the Manchester Liners did not sell these boats to the Manchester Ocean Services—or did they?—A. They sold these steamers to the Manchester Ocean Services.

Q. On the cash value of those steamers, or the value at which you carried those steamers; was that the price at which the Manchester liners sold to the Manchester Ocean Services?—A. It was the actual original cost of the steamers. The steamers were transferred from the Manchester Liners to the Manchester Ocean Services, and were paid for in cash.

Q. Without depreciation?—A. Without depreciation.

Q. How long had the Manchester Liners had them?—A. Offhand, Mr. Symington, I could not tell you.

Q. I can tell you, if you will tell me when the Manchester Ocean Services was formed.—A. Yes?

Q. When was the Manchester Ocean Services formed?—A. You can tell me that, you say?

Q. My question is, when was the Manchester Ocean Services formed?—

A. I could not give you the exact date; I would be guessing if I gave it to you.

Q. Give it within a year or two, or three years if you like?—A. I think it was some time in the latter years of the war.

Q. You say you think it was some time in the latter years of the war.—A. I think so.

Q. And the boats that the Manchester Liners transferred were which ones?—A. The Manchester Port, the Manchester Mariner, and the Manchester Merchant.

Q. Those three boats were built in 1904?—A. That is right.

Q. And they were transferred to the Manchester Ocean Services some time in the latter years of the war, or say fourteen years later, at their original cost, without depreciation?—A. Yes.

Mr. MONTGOMERY, K.C.: And they were probably cheap enough, at that time.

Mr. SYMINGTON, K.C.: But we are not in that time, just now, Mr. Montgomery.

By Mr. Symington, K.C.:

Q. So that those boats had been depreciated during those fourteen or fifteen years almost three-quarters of their value, but they were turned in to the new company at their original cost, without depreciation?—A. Are you making a statement, Mr. Symington?

Q. I am asking you a question.—A. But you say they were.

Q. So I understood, from your statement?—A. At their depreciated value?

Q. Not at their depreciated value.—A. These steamers were transferred from the Manchester Liners to the Manchester Ocean Services but their original cost value at that time was a good deal less than their actual market value.

Q. Then this is true, that the Manchester Liners had those boats in 1904 at a certain cost?—A. Yes.

Q. And they depreciated year by year up to say 1918?—A. I did not say so.

Q. They did, didn't they?—A. No.

Q. They never depreciated?—A. There is quite a difference in your two statements, Mr. Symington. You say they depreciated year by year, and then you say they never depreciated. Let me tell you exactly what the Manchester Liners did, when in a position to do so; they set aside such part of their surplus profits as they did not need in a reserve fund, and that reserve fund is held in the books as a reserve against the cost of steamers and investments. It is not allocated against any particular steamer or steamers.

Q. So that however you did it, you had depreciated.—A. Your question would seem to imply that the Manchester Liners were making a big profit by transferring steamers at the original cost value, that they actually stood in the books at the depreciated value. That was not the case. The steamers

stood in the books of the Manchester Liners at their actual value, and were transferred at that value, which was a good deal less than their present market value at that time.

The CHAIRMAN: May I interject a question here?

Mr. SYMINGTON, K.C.: Certainly, Mr. Chairman.

By the Chairman:

Q. Surely, Mr. Middleton, during those years the Manchester Liners were making provision in a reserve fund or a reserve account to take care of the natural depreciation which would occur?—A. Admitted, Mr. Chairman, quite so.

By Mr. Symington, K.C.:

Q. Do you believe in the theory of depreciation you have given us at 4 per cent a year?—A. No; I say that is the basis adopted in England, and which I think is a very niggardly basis. We were sufficiently generous in making up these statements to ask you to put us in the position to make a sufficient profit to provide 4 per cent, the lowest rate known, following the Income Tax practice in England.

Q. I take it that you think it should be more than 4 per cent?—A. I certainly do.

Q. And from 1914 to 1918 the depreciation on these steamers would have been more than 4 per cent?—A. More from whom, in what respect?

Q. With respect to the value of the Manchester Liners, from their earnings each year?—A. No. I say this, if you are going to discuss the general question of depreciation, that it depends entirely upon the ship you are considering; if she is an old ship, built pre-war, under conditions pre-war, at the present time she ought to be depreciated a good deal more than 4 per cent per annum; 10 per cent might be more like a fair rate. If you consider a modern Diesel engine steamer, with refrigerator space and cooled air space, the position might be a little bit different. We have not had quite sufficient experience in those boats to know what would be an adequate rate of depreciation, but we certainly think 4 per cent in that case would be inadequate.

Q. Perhaps we can put this down as facts and draw our own conclusions thereafter from them, that the Manchester Liners, Limited, transferred to a subsidiary company, of which they owned all the stock, three steamers which were fourteen years old approximately, at the cost which they had originally paid for them fourteen years before, without considering depreciation at all?—A. And which was a good deal less than the then market price.

Q. And a good deal more than the present one?—A. Unfortunately so.

The CHAIRMAN: I wonder if I might ask a question here, which has been running through my mind.

Mr. SYMINGTON, K.C.: By all means.

By the Chairman:

Q. Would not the replacement value be a fairer value to calculate what you are making a profit on, rather than the depreciation value?—A. Mr. Chairman, the question of replacement value sounds very easy until we come down to consider it. It depends entirely upon the demand for a particular type of steamer, upon the age of the ship, upon the trade you are going to employ her in, and upon present building costs, which are at present fluctuating considerably. At the present time we are placing contracts for new steamers at four times the pre-war cost—at the present time.

Q. But how do the steamers you are placing now compare with the cost say in 1920?—A. The cost in 1920, which was the peak year of the cost of construction, would run up to about 40 to 45 Pounds per ton for vessels then

[Mr. John R. Middleton.]

being built, which were built on time and lime contracts affected during the war at the request of the Government in order to replace the fleets, and the shipowner had no control whatever over the ships which were built.

Q. But will you tell me what the difference in price in round figures would be for the same type of ship built in 1920 and built to-day?—A. Yes, I will give you my ideas for what they are worth. I am not a practical shipbuilder or an engineer handling these things in the ordinary way of business.

Q. But you are often signing cheques which go to pay these gentlemen?—A. Yes. I should say in 1920 we would probably be paying 30 to 35 Pounds per ton for vessels which were built under conditions prevailing then, which would now be built for 15 Pounds per ton. I am speaking of dead weight tons.

By Sir Henry Drayton:

Q. What would be the price in 1904, when these ships were built?—A. It has been as low as 5 Pounds 5s. to 5 Pounds 10/ per ton.

By Mr. Symington, K.C.:

Q. Have you then any objection to telling us why the Manchester Liners formed this company and transferred those three boats?—A. Yes, I have an objection, Mr. Symington. I have no objection to giving it to you or to the Committee privately, but I have an objection to giving it publicly.

Q. Are the Furness-Withy people interested in any shipbuilding company?—A. No.

Q. Were they?—A. They were.

Q. They were interested in a company that built boats?—A. Yes. The boats which you are referring to the three.

Q. Yes?—A. No, the Furness-Withy Company had no interest whatever in the company which built the three steamers which have been under discussion.

Q. They had an interest in the company which built some of the other Furness-Withy boats?—A. You must designate the steamers. I cannot reply generally.

Q. Have you the list of the boats there?—A. As far as I know, the Furness-Withys were only interested in a shipbuilding yard which built one of the steamers belonging to the Manchester Liners.

Q. An the others?—A. As far as I know, they were built by outside parties altogether.

Q. I mean the other ships shown in your list?—A. The Furness-Withys were interested in a shipbuilding yard which built some of the steamers shown on my list, but they are not now and have not been for some years.

Q. Take page 185 of your Fair Play, while we are at the Manchester Liners. You see there the balance sheet of the company?—A. Yes.

Q. The capital consists of £457,000 in 5 per cent Preference?—A. Yes.

Q. £445,000 of Ordinary?—A. Yes.

Q. Is it within your knowledge whether those Ordinary shares were shares sold at par, or given with the Preferred Stock, or anything like that?—A. Those shares were subscribed for at par.

Mr. MONTGOMERY, K.C.: In any event, I want to object to evidence of this kind. I understand the returns are being asked for on the boats. There are no returns to get earnings upon that depreciation itself. Questions of that kind, Mr. Middleton, as far as he is concerned, has answered by saying that it is not a question which should be answered generally. I cannot see how it can affect this matter at all in any event.

[Mr. John R. Middleton.]

By Mr Symington, K.C.:

Q. On the other side you have steamers, offices, premises and investments. This is only the Manchester Liners now?—A. Yes.

Q. £1,849,000?—A. Yes.

Q. A difference of approximately a million Pounds over your capital of 800,000 Pounds?—A. Yes.

Q. Giving you reserve funds of the amounts shown in the sheet in this book?—A. Yes.

Q. 500,000 Pounds reserve, and sundry creditors including reserve for taxation, etc., 537,000 Pounds?—A. Yes.

Q. Is that your depreciation fund?—A. Mr. Chairman and Mr. Symington, I do not think it is quite right to hold an inquisition into the balance sheet of the Manchester Liners in this public way. It has no relation whatever, as far as we are concerned, to ocean freight rates, and I would rather not reply to the question.

Q. If you say you prefer not to answer it, Mr. Middleton, I will not press the question.

The CHAIRMAN: That is the understanding.

Mr. SYMINGTON, K.C.: I will argue from this public document as to what the situation is; if he wants to make an explanation, well and good.

The CHAIRMAN: He says he prefers to give it in private; that is all right.

By Mr. Symington, K.C.:

Q. Then whatever your reserves or special funds are for, or wherever they arose in the earnings of the company, do you take the earnings from those funds as a proper receipt?—A. I have yet to learn that an item on the liability side of a balance sheet produces income.

Q. Your investments, for instance, offset it?—A. I am sorry, Mr. Symington, but I must make these points quite clear, because there are people other than yourself requiring these explanations.

Q. Take your investments which they represent. Do you credit to your earnings the interest from those investments?—A. Most certainly.

Q. And show it, but you do not credit the operations of the year with it, although you charge up depreciation each year?—A. I do not get you at all.

The CHAIRMAN: Why do you not just ask how he treats the earnings from these investments?

The WITNESS: The income from the investments is included with the profit declared by the company year by year.

By Mr. Symington, K.C.:

Q. Then is that the investment of the depreciation reserve fund?—A. Certainly not, it is something entirely different, the depreciation or reserve account on the liability side of the balance sheet is something entirely separate and having no bearing whatever upon the steamship investments upon the other side. In other words, that reserve account is not separately invested.

Q. Quite so. They came originally from earnings, whatever it is.—A. It is not necessary to acquire investments out of earnings. You acquire investments sometimes out of your liquid assets, without their being any earnings.

Q. They, in any event, all came from what resulted from the original investment in the original steamship?

Hon. Mr. STEVENS: Of course, Mr. Symington is getting information which the witness declared he would rather not give, in a roundabout way. Mr.

[Mr. John R. Middleton.]

Symington is extracting it from the witness by individual questions, while you ruled that the witness was not bound to answer.

The CHAIRMAN: The witness is not bound to answer anything he prefers to give in camera.

Discussion followed.

By Mr. Symington, K.C.:

Q. Mr. Middleton, you were asked to submit a statement showing the number of steaming days on each voyage, have you that?—A. No, I have not a statement showing the number of steaming days per voyage. That is a detail which will be in England, amongst the records kept there.

Q. So we are unable, as far as your lines are concerned, to make any comparison of the cost of steaming, etc.?—A. That is so.

Q. The age of the boat and so on makes a great deal of difference in the cost of operation?—A. The age of the boat makes a difference in the cost of operation, but not so much as do the types of steamers.

Q. At any rate, so far as that is concerned, you cannot give us the steaming days?—A. I cannot.

Q. Then you were asked to submit a statement showing the tonnage carried, in tonnage and cubic measurements, per boat?—A. That question calls for detailed information available in England, and I have not it with me on this side.

By Mr. Duff:

Q. Can you give us any general idea?—A. Yes.

Q. What is it? That is better than nothing?—A. The steamers that leave England are approximately empty to 70 per cent of their capacity.

By Hon. Mr. Stevens:

Q. What is that again?—A. The steamers that leave England are approximately empty to 70 per cent of their capacity. In other words, they are carrying only 30 per cent of the cargo they are capable of carrying. When they leave this side, the position is different; if not quite full, they are carrying a very substantial part of their space occupied. I cannot give you the real percentages.

By Mr. Duff:

Q. Practically a full cargo?—A. Practically—to all intents and purposes.

By Sir Eugene Fiset:

Q. Is it 80 or 85 per cent?—A. I cannot give you the exact figures. I would be guessing if I did, Sir Eugene, and I do not want to give you even a surmise.

By Mr. Duff:

Q. Can you not tell us what it costs and the length of time it takes to bring a steamer eastbound across the Atlantic to-day?—A. That is an engineering question, and I am an accountant.

The CHAIRMAN: You could count the days.

The WITNESS: Most of our steamers average between $11\frac{1}{2}$ and $13\frac{1}{2}$ knots, so I think you could work it out pretty well.

By Mr. Symington, K.C.:

Q. Well, Mr. Middleton, you see if you cannot give us that, we cannot arrive at any satisfactory unit of comparison—

[Mr. John R. Middleton.]

Mr. DUFF: Pardon me just a moment, Mr. Symington.

By Mr. Duff:

Q. Can you tell us now much coal per day they burn?—A. Some of them burn oil and some are burning coal.

Q. But those burning coal?—A. No, I cannot.

Q. Have you no idea?—A. I really have not.

By Mr. Symington, K.C.:

Q. Mr. Middleton, it would be impossible, unless you can give us that information, to arrive at any satisfactory unit of comparison with any other boat or line?—A. It is not for me to pass any comment as to why you wish all the details to make comparisons.

Q. That would be necessary if we wanted to make comparisons.

Mr. MONTGOMERY, K.C.: As a matter of interest, as we are discussing not only Mr. Middleton's evidence, but the general form of the questionnaire which has been asked for,—it seemed the more convenient way to do it—may I ask if we are tremendously interested in that?

The CHAIRMAN: In what?

Mr. MONTGOMERY, K.C.: As to whether one boat burns more coal than another, or something of that kind.

The CHAIRMAN: I would think so.

Mr. MONTGOMERY, K.C.: Let us face the question.

Mr. SYMINGTON, K.C.: I will tell you why I want it, if you will let me finish. We cannot check these figures; we have to take them on faith. We want to compare the units on various lines to decide whether these figures are right or not.

Mr. MONTGOMERY, K.C.: Are you going to suggest that because one boat showed a higher coal consumption than another, that the figures are wrong, either those certified to by an auditor?

Mr. SYMINGTON, K.C.: No, but I should say if one company's expenses as compared to their earnings are higher than another company, without an understanding we cannot accept these figures.

Mr. DUFF: In other words, if one class of boat burns 25 tons per day, and another class burns 50 tons, must the public pay for the extra 25 tons?

Mr. MONTGOMERY, K.C.: Let us take it in another way. Has the inquiry come down to this; that the question at issue is whether we should put on Diesel boats, of the Petersen type, to replace boats that are showing a consumption of fuel of a higher value, and to subsidize them for that purpose? These boats are serving the Canadian trade at the present time. Unless their results are very, very strikingly out of line, I do not know that this inquiry is for the purpose of ascertaining what type of steamer is best suited for the Canadian route, so that the other ones can be driven off the Canadian route, or replaced by something else which the Government will subsidize. I have never understood that to be the purpose of this inquiry. These companies are companies which know their own business fairly well; they are all established operating companies, and I do not think it is likely that with the experience of a new man entering the business, he would know much more about the operation of the steamships than these companies who have been managing them for years. It is to be expected that in their own interest, they will operate the boats which are the most economical. They are business men, and are using their best judgment to try to make the business pay, and do the best they can with the type of steamers best suited to a particular trade. Is it the idea of this Committee to substitute

its judgment for the judgment of these owners as to what class of boat they should employ, to substitute some other boats, take these boats off the routes, send them off to some other route, or be charged with earning excessive rates, if they showed a loss in any one of them, because, mind you, their operations are not conducted for the purpose of this inquiry, they are conducted in the ordinary course of their business, because they are seeking to get a fair profit out of them, if they can.

The CHAIRMAN: May I answer that observation, Mr. Montgomery? It would seem to me that the attitude taken by the steamship people, in part at least, was this: "It is true we arrange rates by Conferences between ourselves, and we say those rates are fair and reasonable, and do not even give us a fair return for the services rendered". Now, that being the attitude taken by the steamship companies, surely it is germane to the inquiry for us to say: "Convince us that the boats which you are operating are boats which fairly meet the requirements of the trade". For instance, as Mr. Duff says,—and this is simply a case by way of illustration—if we found that a certain line of boats are burning 50 per cent or 100 per cent more coal than any other line, I think that we could fairly say that the results from the operation of the line burning the double quantity of coal shall not be taken by us as a guide to what the freight rates should be.

Mr. MONTGOMERY, K.C.: Upon the evidence as we have it to-day, are we not relieved of a great deal of this theorizing? We have it in evidence that the world is full of surplus tonnage; that the ports are full of boats which are laid up waiting until such time as their operating losses will not be greater than their laying-up ones. In other words, they will come out and operate just as soon as they get to a point where they can operate at a smaller loss than that for which they can keep the boats laid up. It is not to be supposed in that condition of affairs that the least economical of the boats are operating.

Mr. SYMINGTON, K.C.: Mr. Chairman, what I was getting at, I think is very germane to the Committee. Let us take that point raised by Mr. Duff. We have, up to the moment, information that on one line 16.9 of its gross earnings—and that represents a lot of money—is consumed in coal; another line 32.3 per cent, or twice as much, is consumed in coal. Are we to base our freight rates upon conditions such as that?

Mr. DUFF: You mean the latter condition?

Mr. SYMINGTON, K.C.: Yes, the latter condition. Are these boats, of which the witness speaks, built in 1899, to be taken as the basis? If they are,—and they are apparently tremendous boats to operate—we can never hope for any lower freight rates. These are questions upon which we want information before we can come to a reasonable conclusion upon the subject. Furthermore, if we are asked to take figures on faith—if we can show comparisons such as that—I do not know whether the auditor, when he finds differences of that kind, would be justified in saying, "I will not take their figures."

Hon. Mr. STEVENS: Just on that point, Mr. Chairman: Mr. Symington has repeatedly referred to "taking figures on faith." I would say that it is quite useless and hopeless to carry on this inquiry, if we cannot accept the sworn testimony of the witnesses. We might as well decide that question now. If we are going to say that we are not going to believe Mr. Young or Mr. Marlow or Mr. Middleton or these gentlemen who are here and sworn—and we can question them most exhaustively—what is the sense of going on with the inquiry? My contention to-day is the same as it was the other day, that these gentlemen have come before us, and I think in all cases we can say they are most exemplary witnesses, and the figures they have presented they swear are the correct figures, representing correctly the voyage accounts. Now surely, we are going to accept those or else repudiate the witness entirely.

[Mr. John R. Middleton.]

Mr. DUFF: I think you are quite right, Mr. Stevens, still I think we should try to arrive at a comparison to see whether the boats which are running are economically run.

The WITNESS: May I point out, that, if you take two similar steamers, the difference in the fuel consumption will not be more than seven and one half per cent to ten per cent; if you compare a passenger steamer running to Canada light, with a cargo steamer, you can get a percentage of difference in the fuel cost that Mr. Symington has stated, but I cannot for the life of me conceive of one consuming 35 per cent and the other one 16 per cent unless there is a big difference in the freight also.

Mr. SYMINGTON, K.C.: We are taking your cargo boats.

Mr. SHAW: Do I understand the question shortly to be this, that the statement which has been furnished by the witness does not disclose the speed of the ship and does not disclose the fuel consumed. If the witness has not got them here, perhaps he will undertake to cable them to us when he gets to England.

Mr. BLACK (Halifax): What company shows the 33 per cent and the 16 per cent?

Mr. SYMINGTON, K.C.: I am not at liberty to disclose that.

Mr. BLACK (Halifax): It might be a passenger ship.

Mr. SYMINGTON, K.C.: It is not a passenger ship.

Mr. BLACK (Halifax): There might be a vast difference in the size of the ships.

Mr. SYMINGTON, K.C.: This is taken from the preliminary report which will be made to the Committee and those are management and fuel costs and so on.

Sir HENRY DRAYTON: What would be more interesting would be what their tonnage was than what their cost per diem in steaming was. The idea of the percentage of freight means nothing. One boat might have a small cargo and that would mean a tremendous cost for coal in the earnings; while the other boat might be filled up and have a small cost for coal.

Mr. SYMINGTON, K.C.: We have asked for a statement in tons and cubic measurements of each voyage and that is what he says he cannot give us.

Sir HENRY DRAYTON: The illustration you gave does not mean anything of importance at all. It may mean the fluctuation in cargo instead of fluctuation in coal.

Sir EUGENE Fiset: We all seem to forget the information Mr. Symington is asking for, and Mr. Scott, our own auditor, needs that information in order to prepare his own report to the Committee.

Mr. MONTGOMERY, K.C.: Whether it is the result of voyages and so on, or a whole lot of statistical information, it may be interesting for people proposing to go into the business themselves, but I do not think it has a purpose in this inquiry. I think Mr. Symington was mislead when he made the comparison a few moments ago, when he made the coal figures, one 16 and the other 33. I am sure he will see those were percentages to receipts.

Mr. SYMINGTON, K.C.: That is what I stated.

Mr. MONTGOMERY, K.C.: Obviously you vary with the freights.

Mr. DUFF: A steamer will burn as much coal without any cargo as with a cargo.

Mr. MONTGOMERY, K.C.: So one boat might be as economical as the other in coal burning and might not have the same receipts for one reason or another.

The CHAIRMAN: Rightly or wrongly, I think it is interesting for the Committee to get the information which Mr. Symington is trying to get. We have the advantage, I think, of having a very well informed and a very candid witness before us, and I am anxious that we proceed with his examination in order that we might get all the value we can from his presence.

Mr. MONTGOMERY, K.C.: Surely you do not suggest that the amount of coal consumed by a ship should be compared with the earning of a ship for a voyage. It might earn nothing.

Mr. SYMINGTON, K.C. That is the reason I am asking this question, to give us the tonnage, the tonnage and the cubic measurements per voyage and then we can decide whether it is burning too much coal or not. You say you cannot?

The WITNESS: I think you can take it from me that our steamers are operated as economically as possible, even in our own interests, apart from any question of Canadian freights. Please, we are in this business not for the good of our health.

By Mr. Symington, K.C.:

Q. What I asked you was, can you give us a statement showing the tonnage carried, in tons and cubic measurements per voyage?—A. I am sorry I cannot, but I could if I was in England.

Q. You cannot give it to us?—A. Not here.

Q. The next thing on the statement is, the written down value of the books as shown by the books of the Manchester Liners Limited?—A. I think you have already raised that question.

Q. You do not write it down in your books?—A. We do not write down the value of the steamers in our books.

Q. The question then of depreciation in your line is not governed by any of the methods that were suggested by Mr. Young in exhibit 35?—A. That is so.

Q. Generally speaking your boats are of a fairly good age? The Manchester Liners are fairly old boats. There is one I see, in 1922 but they run from 1899 on?—A. There are five steamers not more than five years old out of eleven.

Q. You seem to put some reliance in "Fairplay," which says the company owns fifteen steamers, averaging fifteen years of age?—A. That would be probably true.

Q. Then you were asked to submit a balance sheet for 1922, 1923, and 1924, with details supporting the various items as shown thereon?—A. I am not in a position to submit the balance sheets for 1922 and 1923. I have submitted a balance sheet for 1924 for Mr. Scott's inspection.

Q. Along the line of Sir Henry Drayton's suggestion, if we had those three balances we might be able to trace the progress of the company during those three years?—A. You are asking for the details contained in that balance sheet. I am sorry that I cannot reply.

Q. You cannot give us the balance sheet apart from the details?—A. You have the 1924 balance sheet in front of you.

Q. We have not got 1922 or 1923 balance sheets.—A. I have not got them with me.

Q. Can we get them later on?—A. They are in England. They are published broadcast, if they are required.

By the Chairman:

Q. Would "Fairplay" have them?—A. This is the first publication of "Fairplay."

[Mr. John R. Middleton.]

Q. Would it be found in any other publication?—A. Yes. The whole of the shipping papers in England would publish that balance sheet and comment on it, year by year, as they do with all shipping companies.

By Sir Henry Drayton:

Q. Lloyds Register would have it?—A. Lloyds Shipping News, "Fairplay" and all these publications.

Sir HENRY DRAYTON: The witness said the balance sheets for 1922 and 1923 would be readily available in any of the shipping publications published in the Old Country, such as "Fairplay," "Lloyds Shipping News," and a whole lot of them.

By Mr. Duff:

Q. I thought they would be here.—A. I cannot get them because I have to leave for England in the course of a few days. You can get copies of the balance sheets for 1922 and 1923, which I am afraid would not be very helpful.

Mr. SYMINGTON, K.C.: Mr. Scott says they would not be of very much use without the details.

Mr. DUFF: It would show how much they put to reserve, profit and loss and so on.

The WITNESS: The amount transferred to reserve in 1922 and 1923 is nothing for each year.

The CHAIRMAN: That is easily understood.

By Mr. Symington, K.C.:

Q. Then you are asked with respect to management commission, what amount and percentages are paid over or credited to Furness-Withy Company, who are the chief shareholders?—A. Not one penny either by way of management or commission.

Q. Number Seven, what contracts if any, have Furness-Withy Company, who are the chief shareholders of the Manchester Liners Limited, with regard to any of the items contained among the expenditures shown on the summary of voyages?—A. There are no contracts between Furness-Withy and Company and the Manchester Liners with regard to any expenditure shown in the voyage statements.

Q. Do I understand you to say that the Furness-Withy Company purchase supplies but that they furnish them at the same price?—A. I especially barred the Manchester Liners, if you remember.

Q. Then Number eight; contained in the amount set up as sundry expenses, which of these items are paid to the managers who in turn make disbursements therefrom, and what balances stand at the credit of this account after such disbursements have been made?—A. These amounts are not paid to the managers. The Company is managed by its directors. What happens is this: These items are calculated on the basis of actual expenditure incurred by the company, and it is not possible to charge each ship or each voyage with the exact amount of sundry expenses at the time the voyage accounts are made out, so a round sum is included in each voyage and credited to the expense account in the company's books. When the company pays that, it is charged against that account and at the end of the year there remains always a debit balance to be written off against the company's profit and loss account. In other words the steamers do not bear the whole of the expenses of overhead. There is always something to be charged up against the general trade of the company in their profit and loss account.

By Mr. Duff:

Q. You do not put a special amount in your voyage account to cover managerial and sundry expenses?—A. There are always expenses, such as cables, telegrams and so on, which are not fair to be charged against the steamer.

By Mr. Symington, K.C.:

Q. You suggest then that £500, or whatever the sundry per voyage charged, is not sufficient to cover sundries?—A. The £500 cover other things besides sundry expenses.

Q. It is in under your sundry sheet?—A. Yes.

Q. Is it sufficient or not to cover the items it is intended for?—A. In the case of the Manchester Liners they get very near to the actual cost but they never quite cover it.

By Sir Eugene Fiset:

Q. Is it the same thing against every ship, always the same?—A. If a ship was trading for three months and another for six weeks on another voyage, the charge would not be the same.

Q. You take the average. The balance would be covered from the general fund?—A. That is right.

By Mr. Symington, K.C.:

Q. In that connection £500 is the lowest sum charged to each voyage and there are sums above £500 charged for sundries in each voyage?—A. In one list again you will find the charge is £500 per voyage, in the other £540.

Q. That is near enough. There is one for instance I just happened to notice, £603?—A. It may have been a longer voyage.

Q. But it is generally based upon £500 for the voyage for sundries, plus the longer voyage, whatever it might be.—A. That is so.

Q. I think you had a slip there, if you will give the auditor a copy of that, of how that is made up.—A. Mr. Scott has had this list. If he likes to have a copy later, he can have one. I don't think one need read this into the record.

Q. No, no, give it to Mr. Scott.—A. I will give it to Mr. Scott.

Q. Thank you. Do the directors or shareholders get anything out of that £500, sundries?—A. Not one penny.

Q. Then, 9. Do the Summary Voyage Returns agree with the regular books of account and do they include any estimated figures in regard to expenditures or income?—A. The Summary of the Voyage Returns agrees exactly with the regular books of account, to a penny. The only estimated amounts are those which we have just been mentioning, except in regard to classification survey, which amount I think is put in at £150 per voyage. You have the voyage papers. I am speaking from memory. Now with regard to this item, as you are probably aware, a steamer must be reclassified under Lloyd's rules, every fourth year, and naturally we make this provision in the Voyage Account to cover that expense when it arises.

By Sir Eugene Fiset:

Q. In advance?—A. In advance.

By Mr. Symington, K.C.:

Q. Is that the general method?—A. It is the general method in every company with which I am connected.

Q. It does not seem to be the method in the C.P.R. as far as I can see.—A. It is to my mind the only fair method, because your steamer is suffering damage and repairs all the while and will require repairing at the end of her fourth year.

By Sir Eugene Fiset:

Q. If the amount provided is not sufficient, you take the balance from the General Account?—A. Then you must charge the balance up against your steamer's Revenue Account.

By Mr. Symington, K.C.:

Q. What you do then is set up in anticipation of certain repairs you would have to undergo at the end of the term, of how many years?—A. Every fourth year.

Q. A certain sum from each voyage per year.—A. Yes.

Q. And at the same time you have repairs, overhaul expenses each year in addition?—A. Per voyage, each voyage.

Q. And then at the end of that fourth year, when you put your boat into Lloyd's to be re-classified, they may call for some work to be done?—A. Yes.

Q. And you pay that by taking it from this Reserve Fund which you have set up on each voyage during the past four years?—A. That is the method.

Q. And if the amount is not used it goes into the profit and loss of the company?—A. If the amount is not used, it is as a rule brought back to the credit of the steamer; to the credit of the steamer's revenue account. As a rule the amount provided is not sufficient.

Q. You could not bring it back four years and credit it on the voyage accounts of course?—A. We would, in that particular year, but the margin between the amount provided and the amount actually spent is never of any moment at all.

Q. Do these boats not have surpluses on that account?—A. You mean, do they have credits when they go through their periodical survey?

Q. Yes.—A. It is a very rare thing to find a credit on the Repair Account when the steamer has gone through her periodical survey.

Q. Does the amount shown as Outward and Inward Freight disclose the gross amount collected from the consignee before any deduction is made for brokerage, commission, or other charges? If not, how much brokerage or commission is deducted?—A. It does show the gross amount and represents the actual ocean freight due to the steamer.

Q. Does it represent the gross amount paid by the consignees?—A. It is the gross amount payable to the ship for carrying that cargo.

Q. Mr. Young, in giving his evidence, said at page 80: "Now the next item, Freight Earnings, will you tell us what that includes?—A. Freight Earnings represents the full freight earned by each voyage after deducting a certain amount of brokerage, commission to freight agents and such like expenses." Is that what you do?—A. Mr. Young was speaking in connection with the whole amount contained in that summary. I am speaking of one particular group alone.

Q. So the Summary taken on that basis is not from your figures; you show the gross earnings actually?—A. It is our invariable practice in making the steamer's Voyage Account, to show the gross amount without any deduction whatever.

Q. But that is not what was done in this account.—A. Other people, other ways.

Q. Then why is it that on the schedule of Voyage Results, as per Trading Account, Financial Year 1st July, 1923 to 30th June, 1924, entries are made eliminating from the Voyage Account submitted to us such items as Reserve for Classification Survey and Management Commission?—A. For a very good reason, Mr. Symington, which I would rather not give publicly. If you will reserve that perhaps until we are in camera.

Q. You would sooner not answer that?—A. Yes.

[Mr. John R. Middleton.]

Q. Very well. You will indicate that to Mr. Scott?—A. In reply to the question.

Q. You will answer the question to Mr. Scott?—A. Oh yes, I will to the Committee too, if they wish, but not publicly.

Q. These are Mr. Scott's questions, not mine. Perhaps Number 12 is similar. With respect to Question number 12, you prefer to give the answer to the auditor?—A. To reply privately, yes.

Q. Is any of the insurance charged in the Voyage Account paid over to any companies in which Furness-Withy have an interest?—A. This is a most difficult question to answer. The Furness-Withy Company, if I may say so is not a four-pence-ha'penny concern, sir. We have many varied interests; in insurance companies and in all kinds of companies in England, and it may be that part of the insurance premium that is paid by the Manchester Liners to the underwriters finds its way back through re-insurance to some company in which Furness-Withy are interested. I do not know, and cannot tell. Nobody can tell.

Sir HENRY DRAYTON: Is not the payment of a proper rate the real question?

Mr. SYMINGTON, K.C.: They have not given us any figures as to the insurable value.

Mr. MONTGOMERY, K.C.: The insurable value does not come into it. It is a question of whether the premiums paid are excessive.

The CHAIRMAN: The witness had not finished his answer. Let him finish.

The WITNESS: I can say this, the steamers are in every case insured at the lowest market rate obtainable, and nobody is on better terms with the insurance underwriters than the Manchester Liners.

By Mr. Symington, K.C.:

Q. Are the insurance items mentioned in the Voyage Summaries entirely on the hull?—A. They are on the hull and machinery. There is no insurance in respect of the cargo carried by the vessels. That I think is the purport of the question.

Q. Can you give the amount of insurance carried on each hull, and the rate and names of the insurance companies?—A. No, I cannot give you the amount for each ship separately, or the rates, or the insurance companies. That again is detailed information available in England, which we could supply over there quite readily.

By Mr. Duff:

Q. Do the insurance companies remit a commission back to the Furness-Withy Company?—A. They do not. The Furness-Withy Company do not get one penny out of the Manchester liners, directly or indirectly, other than dividends on their shares.

Q. Do the underwriters pay a commission for the business they get?—A. The underwriters are never known to pay a commission to anyone, Mr. Duff.

Q. They do in this country.—A. Insurance brokers may get a commission for services they render, but the insured party and the underwriter will not exchange any commission between them. The insured party and the underwriters are not concerned in any question of commission.

By Mr. Symington, K.C.:

Q. Among their various activities are Furness-Withy insurance brokers as well?—A. They are, Mr. Symington.

Q. So there would be nothing against Furness-Withy, as insurance brokers getting a commission?—A. Except that they do not do it.

[Mr. John R. Middleton.]

Q. They do not do it. Well, that is definite enough. Sixteen and seventeen were questions with respect to a couple of voyages that were picked out, and the amount of wages paid, and number of men employed. You say you cannot give that?—A. The information as to the number of men employed and amount of wages paid, will be contained in the Portage bill rendered by the captain at the end of each voyage. I never thought of bringing those portage bills with me to show the whole of their details, but it is the fact that the numbers of the men are fixed according to the Board of Trade rules. We have no option in that kind of thing. And the rates of wages paid to the master and the officers, and the amount of wages, are fixed by the Maritime Board, and again we have no option and no one would have an option on that kind of thing. It is a fixed scale.

Q. It is only necessary to say that you cannot furnish it.

Mr. MONTGOMERY, K.C.: No, that is not sufficient. I would like to have this understood. I made it quite clear at the opening that I thought we would be able to appreciate the necessity of a great many of these things when applied to the other lines, when the purport of the questions and what is contained in them was discussed with this particular witness as he went along; it is more or less typical of questions that have been asked of every other line.

By Mr. Symington, K.C.:

Q. If that is so, Mr. Middleton, then the wages on the same type of ships should be the same?—A. If the number of men is the same.

Q. You say you employ the number of men which some regulation requires you to do and that you pay the wage some regulation requires you to pay.

The CHAIRMAN: An officer in charge of a larger ship would get a larger salary.

Mr. SYMINGTON, K.C.: I said boats of the same type.

The WITNESS: There is a minimum number of men fixed by the Board of Trade, which they fix as the number of men which must be on board before the ship is counted seaworthy, but an owner having a pride in his vessel and crew, does not run it on a "barebones" basis; he has a margin over safety. If other people propose to run their vessels on a "barebones" basis, that is their affair, but we do not.

By Mr. Symington, K.C.:

Q. We have asked for two different boats picked out, the number of men employed and the wages paid.—A. There again is not the obvious reply that we are running these ships to lose as little money as possible, and being as economical as we can.

Q. That answer could be given to the whole enquiry, no doubt, if we were the judges. In any event, you cannot give this information to us?—A. No.

Q. So that we can make no comparison along that line. Does the depreciated value shown on the Voyage Returns agree with the depreciated value of each steamer shown by the books of the company?—A. I have already answered that question.

Q. Should we decide to go to the books of the Manchester Liners, can we find the same classification and items as shown on the Voyage Returns submitted by you? If so, in what books?—A. You will find the same classification and the same information shown in the Voyage Returns, in the books of the Manchester Liners; and you can get from those books full details of everything appearing on that Voyage Statement; and if it is considered by this Committee necessary, we shall be very glad to place the fullest information at the disposal of Mr. Scott or anyone else who comes over to inspect the records. Provided that they come, as we are here, at their own expense.

[Mr. John R. Middleton.]

The CHAIRMAN: That is almost a Scottish remark.

By Mr. Symington, K.C.:

Q. You are asked for the missing Voyage Accounts for the year 1924?—A. This calls for some explanation. I have supplied the whole of the Voyage Accounts available for the financial year ended 30th June, 1924. The accounts after that date form part of the financial operations of the company for the year ending 30th June, 1925. As those accounts have not yet been submitted for audit, and have not been incorporated with the company's published accounts, I have not submitted them, as they cannot be held to be finally determined.

Q. That is, that all the Voyage Accounts from June 30th, 1924, to the end of the year are not furnished because, what? They were not prepared?—A. They have not been incorporated with the company's annual accounts; they have not been audited; they are prepared, certainly, in the company's books; they have not been audited and I thought it was wise not to submit them until they could be absolutely properly verified.

Q. Are they made out after the end of each voyage?—A. They are made up as soon as possible after the close of the voyage. Not immediately. It sometimes takes a month or six weeks.

Q. So we have no accounts, so far as your company is concerned, after June 30th, 1924.—A. So far as the Manchester Liners are concerned.

Q. That is what we are discussing. Have you any record showing a general classification of the accounts kept in the books of the Manchester Liners, and are accounts kept in the books of the Manchester Liners under other names than those shown in the summaries?—A. Very detailed information. The books of the company contain all the necessary accounts, and they are properly kept; there are accounts of the steamers, and a separate account is kept in regard to each particular item for each steamer, so that they can be quite easily traced. Each voyage includes the whole of the items applicable to that voyage, with the actual expenditures of that voyage, also the estimated items I have mentioned earlier, in paragraph 9. The books contain other personal accounts, personal accounts with shippers as well as other accounts with people, and if you want to inquire, they are in the voyage statements, and can be traced in the company's books quite easily.

Q. You have no accounts which cannot be traced?—A. We have no accounts which cannot be traced quite easily. All that has been done by two sets of auditors already.

Q. You were asked to furnish a statement of the replacement value of the boats?—A. I thought I replied to a question by the Chairman on that subject, but I will give it again if you wish.

Q. Never mind, I do not want to cumber the record.

By the Chairman:

Q. I do not think you replied to a question I put to you as to whether the replacement value would not be a fair basis upon which profits or possible profits should be calculated, rather than the book value, which might differ from company to company?—A. If you can ensure to us, Mr. Chairman, that any replacement value we may fix to-day will hold good for ten years, the suggestion might have some weight.

By Mr. Symington, K.C.:

Q. The same thing applies to costs as to rates, I suppose?—A. Exactly.

Q. And losses and profits?—A. Exactly.

Q. For ten years, you say?—A. Of course as ship owners we always remember the seven years of famine and the seven years of plenty; at present we are in the seven years of famine.

Q. The next question in respect of the commission you have answered?—
A. Yes.

Q. Then we asked for typical pay-rolls in support of any five of the voyage accounts?—A. There again, that is the Captain's portage bill, which is a detailed statement handed in by the Captain. They are all in England and can be inspected at any time, if necessary.

Q. We also asked for details of stores and provisions?—A. Those are purchased at current market prices. Proper provision is made at the end of each voyage for all stores remaining on board. There can be no question about that.

Q. You cannot give us any details of any voyage; you have not got that here?—A. I have not got that here. I do not know what details you would require that would be helpful, in any case.

Q. Can you show how the item of insurance is usually dealt with?—A. That is the actual proportion of the actual premiums calculated on the number of days occupied on the voyage, subject to any laid up returns or any other adjustments relating to that particular voyage.

By hon. Mr. Stevens:

Q. What do you mean by the term, occupied on the voyage?—A. That is the actual number of days occupied on the voyage.

By Mr. Symington, K.C.:

Q. That includes your lay-up under 30 days?—A. Under 30 days.

Q. That is, it includes the time you left to go across, the time it took you to unload and to re-cross, including the time it took you to re-load again, with a limit of 30 days to that period?—A. That is right.

Q. After 30 days you change?—A. You do not lay up a steamer for less than 30 days, otherwise you get no return on your policies.

Q. Have you any details showing how the item of repairs is made up?—A. That is the amount for repairs and actual expenses incurred on each voyage for repairs necessary to keep the vessel seaworthy. No amount is credited to reserve out of the amount charged on a voyage account.

Q. You do not do like the others, if that is the actual expense; can you furnish the continuity of all reserves, starting with the balances as of the 30th of June, 1922?—A. They would stand now exactly as then, subject to any amounts we might withdraw from the reserves. Certainly nothing has been added to the reserves from June 1922.

Q. That would be shown in your balance sheets, if it had?—A. Yes.

Q. You were asked to submit a statement of the coal tons consumed on each voyage?—A. Full details of the fuel consumed on each voyage will be found in the voyage documents at the head office of the company, and naturally I did not bring those details with me to verify these fuel accounts we paid. One would never suspect for a moment that that would be required. They are there, and can be examined. The voyage is charged with the actual quantity of fuel consumed, after taking into account the fuel remaining on board at the end of the voyage.

Q. Have you as supervising or chief accountant gone into the question of the amount of coal your Liners burn?—A. That is a matter which our superintending engineer's department would deal with, not myself.

Q. You do not know, in any event?—A. I only know the cost of the coal. The matter you mention receives the attention of our superintendents, voyage by voyage; that is their job.

Mr. DUFF: If you divide the number of tons by the gross amount, wouldn't that give it to you by the voyage, Mr. Symington?

Mr. SYMINGTON, K.C.: But we do not know the steaming days, Mr. Duff.

[Mr. John R. Middleton.]

Mr. DUFF: It ran from $11\frac{1}{2}$ to $13\frac{1}{2}$ knots an hour.

The WITNESS: Yes, but you are speaking of grouping all the steamers. The $11\frac{1}{2}$ and $13\frac{1}{2}$ I gave as a group, but that does not give the price per ton to a steamer, or the total cost of the ton.

By Mr. Duff:

Q. Do you know the cost of coal?—A. I could not tell you the cost of coal.

By Mr. Symington, K.C.:

Q. These voyage accounts do not show the portage on each voyage?—A. You make me regret that I did not bring the whole staff from London.

Q. At any rate, you don't know?—A. I don't know.

Q. Even as chief accountant you do not come to any conclusion as to whether your coal costs were high or low for your steaming days?—A. That is a matter for our steamship managing department.

Q. You have nothing to do with that?—A. That is purely an operating matter, not an accounting matter at all.

Q. It is an important matter, is it not?—A. Yes, it is an important matter, and we have a staff in London watching these matters every day. They are so important that they are not given to the accounting department.

Q. What is the average steaming of these Manchester Liners?—A. The number of miles steamed per day?

Q. Yes.—A. I would rather you would ask somebody else, Mr. Symington. Somebody else can give you a much more intelligent answer than I can.

Q. Do you mean in the Manchester Liners?—A. Somebody else here I think can give you a better answer than I can, probably Mr. Nichol, of our Montreal offices can give you that information better than I can.

Q. Then you do not know the average steaming days on your voyages?—A. No.

Q. We also asked you: Are managers, who may be chief stockholders, interested in any of the brokerage companies, who have contracts with the steamship companies, and what amount in brokerage was paid to any of the brokerage companies in which such managers were interested, either directly or indirectly?—A. This question is a searching question, following the matter you raised on the question of insurance. The Manchester Liners is a company managed by a Board of Directors, and not, as your question seems to imply, by any firm of shareholders who may act as managers. The directors of the company manage the company. So far as I can ascertain, neither the Furness-Withy Company nor any of the principal shareholders are interested in any brokerage companies; there are no contracts between brokerage companies and the steamship companies, they do not make contracts between those two types of companies. It is quite usual for shipping companies to have attached to their organization a forwarding organization, which obtains business in respect of their own organization, or of their own lines, to handle the traffic, for which purpose a brokerage commission is usually paid by the Line carrying the goods. But this commission is very small and is calculated on the amount of freight. Whether any of the shareholders of the company are interested directly or indirectly, in other firms where brokerage arrangements exist is quite an ordinary thing in the steamship business; for instance, there may be a shareholder in the Manchester Lines who may be shareholder in the Furness-Withy Company, or who may be a shareholder in some other forwarding company. But how do we know?

Q. The Furness-Withy Company occupies that position, I suppose? Supposing the Furness-Withy Company got business and put it into the Manchester Liner's boats, would they charge them $2\frac{1}{2}$ per cent?—A. Only where we have offices. We have offices in Montreal, furnished by the Furness-Withy Company,

and those offices look after the steamers of the Manchester Lines coming to Montreal, and naturally this company receives a commission on any freights obtained for those steamers.

Q. The Furness-Withy Company own the stock of the Manchester Liners Company?—A. No.

Q. They control it?—A. No. Turn up your little red book, and you will see exactly how much they own. Please do not read the figures out.

Q. No, I won't. The Furness-Withy and Sir Frederick between them?

The CHAIRMAN: You should have a generic term covering all these people. Call them Marine Knights.

By Mr. Symington, K.C.:

Q. In any event, they charge $2\frac{1}{2}$ per cent on the business for getting the business?—A. That is right.

Q. So that in your item of management commission which is shown—I am not going into the amounts on each of these sheets—that is what it represents?—A. That is what it represents.

Q. Money paid in that way to the Furness-Withy by the Manchester Liners?—A. Not paid to Furness-Withy entirely, but it is paid on this side or the other side for that purpose.

Q. But it is paid to Furness-Withy in Montreal?—A. No, in Manchester.

Q. In Montreal Furness-Withy have an office?—A. In Montreal the Furness-Withy Company have an office, and that office looks after business on this side.

Q. But if Furness-Withy on the other side give the Manchester Liners on the other side cargo, they get paid a commission or a brokerage?—A. I do not think they would, in the ordinary way.

Q. I understood you to say that they do?—A. I say that on this side we have our own offices in Montreal.

Sir HENRY DRAYTON: You also said in some particular cases it was paid?—A. It may be so.

By Mr. Symington, K.C.:

Q. If they turned over that freight to them?—A. I suppose so.

Sir HENRY DRAYTON: Ordinarily it does not apply at all, but in some cases they do it.

By Mr. Symington, K.C.:

Q. I took your answer to be that if Furness-Withy turned over to the Manchester Liners in England they got a commission?—A. But that item is not what we are now discussing; that is something entirely different.

Q. The Manchester commission shown on the voyage sheets is something entirely different?—A. That is entirely different.

Q. What is that?—A. That is the amount charged by the Manchester Liners to cover their general overhead expenses and is profit to them for managing; it represents a very small percentage on the freight; as I say, it is supposed to cover their expenses at Manchester.

Q. So that the Manchester expenses are the expenses in these summaries, that is, of the Manchester Company's offices, overhead and so on in Manchester?—A. In Manchester. You will notice in the annual accounts that each item of expenses of that kind is written back to Profit and Loss account, and the total charge is charged back in the head office as one amount.

Q. Then where do these appear, if you paid the Furness-Withy Company?—A. In the port disbursements.

Q. Does that appear in the port disbursements, in Mr. Young's account?—A. It will.

Q. The commissions that the Manchester Liners of 2½ per cent to the Furness-Withy are actually shown in these voyage sheets as port expenses?—A. We are getting down again to a lot of detailed information, which we might avoid.

By Hon. Mr. Stevens:

Q. Will you answer this question; if you did not pay it to the Furness-Withy Company, would you pay it to somebody else?—A. Most certainly, if not to them, to somebody else.

Q. It is a proper charge?—A. It is a proper charge, and I don't think any other Line going into Montreal has their steamers managed so cheaply or more cheaply.

The CHAIRMAN: It is almost six o'clock, Mr. Symington.

Mr. SYMINGTON, K.C.: There are just three more questions, I think.

By Mr. Symington, K.C.:

Q. Are there any further details supporting the evidence of these voyage returns which you have not submitted?—A. I have submitted everything I have in my possession.

Q. Are any of your boats operated as individual companies?—A. No, they are all owned by Manchester Liners, and operated by that company. They are not owned by individual companies at all.

Q. Have all the voyage accounts for 1923 and 1924 been submitted to us, for steamers plying between United Kingdom and Canadian ports, and also between United Kingdom, Continental, Canadian and U.S. ports?—A. I have supplied all the voyage accounts for 1923 and 1924 for steamers plying between United Kingdom ports and Canadian ports, with the exception of those I mentioned, occurring after the end of June, 1924.

Q. You have furnished them all up to the end of June, 1924?—A. The company does not trade on the continent at all.

Q. Then the next question is. Why is it that the results from the voyages of the S.S. Mariner, S.S. Port, S.S. Merchant, for the year ended 30th June, 1924, do not appear in the detail Profit and Loss submitted to us?—A. Of course, now you know; they are owned by another company.

Q. Those are the Ocean Services boats?—A. Owned by another company.

Q. Then you were asked to submit a statement showing expenditure and cost per unit of transporting all immigrants, if any transported.—A. We do not carry immigrants.

The CHAIRMAN: Is that all?

Mr. SYMINGTON, K.C.: That is all the questions I have.

The witness retired.

The committee adjourned.

The Committee resumed at 8 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order.

Mr. SYMINGTON, K.C.: Mr. Chairman, Mr. Carruthers of Winnipeg is here, and is very anxious to get away to-night. He will be very short. May I call him now?

The CHAIRMAN: Have you any objection, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I understand he is here regarding butter, and I do not know very much about it, but I will do my best.

[Mr. John R. Middleton.]

The CHAIRMAN: We will hear Mr. Carruthers, gentlemen, who is here from Winnipeg and anxious to return to the West.

JAMES MALCOLM CARRUTHERS called and sworn.

By Mr. Symington, K.C.:

Q. Mr. Carruthers, what is your occupation?—A. Dairy business; Manager of the City Dairy Limited.

Q. How long have you been in the dairy business?—A. Well, in the West, I have been 25 years; prior to that about five years in the East.

Q. Now, I understand that you desire to say something for the dairymen, of Western Canada particularly, in relation to butter?—A. Yes.

Q. You handle butter in your business?—A. Yes, we manufacture butter.

Q. And export it?—A. Yes.

Q. Is the West—and you are speaking particularly of Manitoba now—becoming an exporting district?—A. Within the last five years it has developed from not having sufficient butter to take care of its requirements, into an exporting district.

Q. And is Manitoba becoming a mixed farming country, as opposed to a grain country?—A. Very fast.

Q. In order to do that, I suppose, you must have some outlet for your product?—A. It is absolutely essential that we do.

Q. Where is that outlet?—A. Prior to the last few years we had an outlet in the United States, but since they placed a tariff against us of eight cents a pound, we have no other outlet except the United Kingdom.

Q. Now, have you any figures as to the consumption of butter in the United Kingdom?—A. I have figures here, Mr. Symington, showing the imports into the United Kingdom over a number of years, if that would be interesting. For example, in the year 1922 there was imported into the United Kingdom 478,078,832 pounds.

Sir HENRY DRAYTON: I think we all know that England is a great market for butter. We can take that for granted.

Mr. SYMINGTON, K.C.: I think the figures will be useful in showing where it comes from.

By Mr. Symington, K.C.:

Q. Go on, give us 1923.—A. In 1923 the imports into the United Kingdom were 570,697,232 pounds.

Q. And in 1924?—A. In 1924 they were 592,789,232 pounds.

Mr. SYMINGTON, K.C.: Now, Mr. Chairman, Mr. Carruthers has handed me a statement here which shows all the countries. I think it should be put in, but we need not take time to read it, if you would, perhaps, order that it go into the record?

The CHAIRMAN: Do you want it printed?

Mr. SYMINGTON, K.C.: I think so. It is short.

Exhibit No. 70: Importations of butter into the United Kingdom.

IMPORTS OF BUTTER BY THE UNITED KINGDOM, CALENDAR YEARS 1922-23-24

Country of Origin	1922		1923		1924	
	Pounds	Per cent of Total	Pounds	Per cent of Total	Pounds	Per cent of Total
Denmark.....	159,465,152	33.4	205,849,892	36.1	194,226,032	32.8
Finland.....	13,134,688	2.7	13,000,512	2.3	15,071,168	2.5
Sweden.....	1,854,048	0.4	4,390,624	0.8	6,457,248	1.1
Netherlands.....	8,804,880	1.8	19,548,216	3.4	10,316,208	1.7
France.....	2,369,584	0.5	10,571,568	1.8	1,538,768	0.3
United States.....	3,847,648	0.8	1,184,736	0.2	3,921,680	0.7
Argentina.....	39,889,696	8.4	55,020,672	9.6	60,340,448	10.2
Irish Free States.....			55,143,648	9.7	51,666,832	8.7
Australia.....	100,968,784	21.1	67,029,392	10.0	70,567,616	11.9
New Zealand.....	123,585,728	25.9	126,645,680	22.2	121,706,704	20.5
Canada.....	17,307,584	3.6	4,461,408	0.8	14,713,888	2.5
Other Countries.....	6,851,040	1.4	17,856,384	3.1	42,262,640	7.1
Total.....	478,078,832	100.0	570,697,232	100.0	592,789,232	100.0

By Hon. Mr. Stevens:

Q. Where are these figures taken from? I am not disputing them, but where are they taken from?—A. They are gathered from the records of the Department of Agriculture under Professor Ruddick.

Q. They are the regular Department of Agriculture figures of the importation of figures into the United Kingdom?—A. Yes.

By Mr. Symington, K.C.:

Q. Now, of those amounts, Mr. Carruthers, what percentage of the total did Canada send in 1922?—A. In 1922, Canada supplied 17,307,584 pounds, or 3.6 per cent of the imports into the United Kingdom.

By the Chairman:

Q. Canada did?—A. Yes.

The CHAIRMAN: Is that all?

By Mr. Symington, K.C.:

Q. Give us the figures for 1923 and 1924?—A. In 1923 there was imported into the United Kingdom from Canada 4,461,408 pounds, or .8 per cent of the total imports; and in 1924, 14,713,888 pounds, or 2.5 per cent.

Q. In looking at your list again I notice that the largest exporter to the United Kingdom seems to be Denmark with 32.8, in 1924. I need not go into the other years now.

Hon. Mr. SINCLAIR: Per cent?

Mr. SYMINGTON, K.C.: Yes.

By Mr. Symington, K.C.:

Q. New Zealand, 20.5 per cent?—A. Yes.

Q. Australia 11.9 per cent?—A. Yes.

Q. Argentine 12.2 per cent?—A. Yes.

Q. Those are the four which are bigger than Canada in their export to the United Kingdom, and those are the percentages of 1924?—A. Yes.

The CHAIRMAN: The percentages of the entire importations into Great Britain?

Mr. SYMINGTON, K.C.: Yes.

[Mr. James M. Carruthers.]

By Mr. Symington, K.C.:

Q. So from the Canadian standpoint, our largest competitors are Denmark, New Zealand, Australia and the Argentine?—A. Those are our principal competitors at the moment.

Q. Dealing first with Denmark, which we might term a nearby competitor; what is the situation with respect to Denmark's exports to Great Britain of butter, and her capacity for further trade?—A. In going over the statistics, Mr. Symington, for some time, I find they are more or less stable; there are the seasonal fluctuations which might occur owing to the different conditions obtaining in the seasons, but it appeared to me, from information I can get from statistics, that they are at their peak point of production—there is a little fluctuation.

Q. Then is that shown by figures over a series of years?—A. Yes. For example, take the three years here, there is a fluctuation in 1923, a raise in 1923, but I understand from information that I have gathered that it was just the natural increase there in the different countries.

Q. Owing to a favourable season?—A. Owing to a favourable season.

Q. Now then, turning to the other countries, they seem to be—take the Argentine, it seems to be increasing very much?—A. The Argentine export to the United Kingdom is increasing very fast. You will notice it had increased from 1922, to \$39,889,000; 1923, to \$55,000,000 and in 1924, to \$340,000,000.

Q. On the other hand New Zealand would seem to be decreasing a little, from this statement?—A. New Zealand has increased very materially in the last ten years and I would not like to say that they are at their peak point, the same as Denmark, but from what I can learn, in the last two or three years, there have been more or less dry seasons down there, which have affected both Australia and New Zealand.

Q. What I was wondering from these figures—correct me if I am not right—is it a fact that the Argentine seems to be taking away some of the trade of New Zealand and Australia?—A. Well, that is the natural condition that would obtain. They are nearer to the British market and if their product is satisfactory they will naturally make inroads into it.

Q. Canada, on the other hand, does not seem to be increasing very much in getting that trade?—A. Well, Canada has—the condition in Canada, up to within a very few years ago was that they did not produce sufficient for their own requirements; it has been only within the last five or six years that Canada has been able to export a great deal of butter.

By the Chairman:

Q. Let me just interject a question: As a matter of fact, a great deal of our surplus milk product went out in the form of cheese, did it not?—A. Yes.

By Mr. Symington, K.C.:

Q. Then, Mr. Carruthers, with respect to those countries and their shipments to the United Kingdom, is that salted or unsalted butter?—A. Last season there was a great deal of unsalted butter went over; in fact the major portion of the export was unsalted butter from Western Canada.

Q. That comes into competition during the Canadian season? What is the Canadian season for exporting butter?—A. From the fifteenth of May and the first of June until October.

Q. That would be in competition with the New Zealand butter?—A. There was practically no New Zealand butter to sell, although lately they had some, because they are so far away that they are not in position to ship unsalted butter.

Q. They cross the equator and have to make a hot trip?

[Mr. James M. Carruthers.]

By Hon. Mr. Stevens:

Q. Do I understand Mr. Carruthers to say New Zealand ships salted butter?—A. A very little salted butter.

Q. It is a creamery butter.—A. Yes.

Q. In connection with the English trade, is there a difference over there with respect to what they use, salted or unsalted?—A. There seems to be a demand springing up in the last two or three years for unsalted butter.

By the Chairman:

Q. Is not that the case, that England always takes unsalted butter?

By Mr. Symington, K.C.:

Q. Can Canadian butter, if it could go over there, compete with the other butter?—A. Can Canadian unsalted butter compete?

Q. Yes, if it gets over there at a reasonable price?—A. Our experience last year was that it did compete very, very favourably with New Zealand. The Danish butter and the Irish butter obtain the highest prices on the market there. New Zealand is quoted next, and Canada last year, compared very favourably for unsalted butter with New Zealand.

Q. What was the rate on butter that you paid prior to the war, Mr. Carruthers?

Mr. MONTGOMERY, K.C.: Was he exporting prior to the war?

The WITNESS: There were exports of butter prior to the war, not in the quantities that are being exported at the present time. The rate was 32.1 cents per hundred pounds.

By Mr. Symington, K.C.:

Q. Will you say where you got this information?—A. This information was gotten from Dr. Ruddick, the chief of the Agricultural Department here.

By the Chairman:

Q. The Dairy Commissioner?—A. Yes.

Q. 32.1 cents, and I think we have had evidence as to what you are paying to-day, \$1.50?—A. Our present ocean rate from Montreal or St. John, \$1.50. That is what we paid last year.

Q. Both of these for refrigerated space?—A. Both of these for refrigerated space.

By Mr. Symington, K.C.:

Q. In other words there is an increase since the war of something over 500 per cent?—A. It would work out that way.

By Hon. Mr. Stevens:

Q. Would you mind getting the date during the war, 1910 or 1912? When was that?—A. The information that I got from the Dairy Commissioner was the pre-war rate, 32.1 cents. I have not got the exact year.

By Sir Henry Drayton:

Q. That would be 1914?—A. That would be prior to 1914 or 1914.

By Mr. Symington, K.C.:

Q. Anyway you went and made a trip to see Dr. Ruddick for the purpose of getting the information you are giving, and what he gave you was 32.1 cent?—A. Yes.

Q. It has been stated here, Mr. Carruthers, that the rate from New Zealand to the United Kingdom is also \$1.50?—A. I understand it has been stated here that it was that rate.

[Mr. James M. Carruthers.]

Q. And that the rate from Vancouver via Panama was \$1.50?—A. That is the rate in effect now from Vancouver.

Q. You have a good deal of experience in refrigeration work, have you not?—A. Refrigeration is a part of our mechanical work.

Q. Would you like to offer any opinion about the expense of carrying butter in refrigeration from a country south of the equator to a country north, as compared to the refrigeration necessary from Montreal to the United Kingdom?

—A. My experience with refrigeration has led me to believe, in fact, to be certain, that the cost of the refrigerating space through a warm area would be much more costly than it would be in a cooler area.

Q. The refrigeration itself would be?—A. Yes, the cost of maintaining the temperatures.

Q. What has been your experience with reference to costs since before the war in the business that you are in, the increase between then and now?

The CHAIRMAN: The cost of production?

By Mr. Symington, K.C.:

Q. The cost of handling the business generally?—A. General costs advanced considerably during the war and the immediate after war period, but they have gradually ironed out since then.

Q. Are they anything like 500 per cent?—A. I would say they were not at the present time.

Q. What would you say the general business costs?—A. The general condition might vary anywhere from 30 per cent up to probably 100 per cent, in some instances.

Q. You handle a big business, the City Dairy Company, in Winnipeg?—A. Yes.

Q. You say that in any line of business 100 per cent increased cost would be the maximum?—A. I would say that is the maximum of increases in effect at the present time, as compared with pre war.

By the Chairman:

Q. Is he thinking about the costs of his own business?

Mr. SYMINGTON, K.C.: General costs of administering business generally.

By Mr. Symington, K.C.:

Q. This is your concern and your own business and you have a large number of employees?—A. Yes.

Q. Now, what have you to say about the ocean rate, what you think you are entitled to? What would be the effect say with a lower ocean rate than \$1.50?—A. Basing my reasoning on costs as they obtain to-day, as compared to war conditions and pre war conditions, I should think we are paying to-day, an ocean rate of \$1.50 a hundred, one and one half cents a pound, that a 65 cent rate would be quite an increase over the pre war rate, which was 32.1 cent.

Q. Which would be 100 per cent?

Mr. MONTGOMERY, K.C.: He is wrong in his rates, just for your information. The rates are all published; the tariffs are there and I do not want to mislead the witness. As far as rates are concerned—

Sir HENRY DRAYTON: The rates are higher.

By Mr. Symington, K.C.:

Q. What do you say as to the rates?

Mr. MONTGOMERY, K.C.: The Conference rates in 1913 which, I suppose, is the year he is taking were, for butter, ordinary stowage, 37.02 cents per one hundred pounds and for refrigerator 51.26 cents per hundred pounds.

[Mr. James M. Carruthers.]

Hon. Mr. STEVENS: 51.26 for refrigerator and what for the other?

Mr. MONTGOMERY, K.C.: 37.2. It is plain to me that the reason you have the odd amount, the fraction, is that the rate was quoted in sterling, and converted.

The WITNESS: My basis of information was Commissioner Ruddick's letter. That is the information of 32.1.

Mr. SYMINGTON, K.C.: We will have to see about that. Where do these rates come from?

Mr. MONTGOMERY, K.C.: They were furnished to me by Mr. Marlow, who accepts responsibility for them.

Mr. SYMINGTON, K.C.: Of course Dr. Ruddick accepts responsibility for his rates. Are they from the tariff, Mr. Marlow?

Mr. MARLOW: From the published tariff.

Sir HENRY DRAYTON: Anyway that is an increase of 190 per cent.

The CHAIRMAN: 300 per cent is it not? From 51 to 150; that is three times.

Sir HENRY DRAYTON: No, Mr. Chairman, surely, that is not the way to get the increase in a percentage. You will find it is 190 odd.

Mr. FLINTOFT: A little less than 200 per cent, if the new rate is three times the old.

The CHAIRMAN: Yes, it is practically three times the old.

Mr. SYMINGTON, K.C.: The rate is on those figures practically three times the old.

Sir HENRY DRAYTON: But that is not the way you get the percentage of increase.

Mr. SYMINGTON, K.C.: If it was fifty before and is 150 now, it is three times what it was before. I did not say 300 per cent.

Sir HENRY DRAYTON: The other rate you said was 500 per cent and as a matter of fact it was 300 per cent and the increase here is 190 per cent.

By Mr. Symington, K.C.:

Q. You asked for a rate of 65 cents did you say, Mr. Carruthers?—A. Well my basis of reasoning would be that a 65 cent rate would be a fair increase over the rate obtaining before.

Mr. MONTGOMERY, K.C.: Doubling the old rate.

The WITNESS: I was working on the 32.1.

By Mr. Symington, K.C.:

Q. You were giving them an assumption of 100 per cent increased cost?—A. Yes.

Q. Or perhaps we should not use those percentages; twice the cost of formerly, and you were giving them twice the rate?—A. Yes.

Q. Now do you think that would make any difference to the producer?—A. I consider it would make a vast difference. The producer would just make the saving of the difference in the rate. We are an exporting country.

Q. Are butter rates, when it becomes an exported commodity, fixed on the export price or on the local price?—A. I consider, and in fact I am satisfied that this condition obtains in any country; a country that is an exporting country must base what they pay for the stuff on the price that they can get in the world's markets, as an export. Consequently if we can get a lessened rate, which would mean an increased price, that would naturally go back to the producer.

By Mr. Duff:

Q. Is butter sold f.o.b. Winnipeg or c.i.f. Liverpool?—A. It does not make any difference that I can see.

Mr. DUFF: Yes, it does

By Mr. Symington, K.C.:

Q. Which way is it sold?—A. Last year's tradings that I had were made f.o.b. Montreal.

Mr. MONTGOMERY, K.C.: It makes all the difference in the world, if you get the local price at the end. It is Montreal export, not Winnipeg export.

The CHAIRMAN: They will offer the producer so much less, that is all.

Mr. MONTGOMERY, K.C.: The rail rate would affect him.

By Mr. Symington, K.C.:

Q. In your opinion would that increase production.—A. Would it increase production, you ask?

Q. Yes.—A. Well, it would help to, very materially.

Q. Which of course would give increased traffic if it did.—A. Naturally.

Q. Is it your opinion that Canada can get into a larger share of the United Kingdom market?—A. I consider that Canada is in a very advantageous position if given a chance. They are the nearest, outside of Denmark and Ireland, to the market. They are within days as compared with weeks and months of our biggest competitors, and if given a chance our butter stands in favour on the British market, consequently the advantages would be all ours.

Q. Do you know the distance from New Zealand to the Old Country?—A. I am given to understand that it is approximately 11,000 miles.

Q. And Vancouver some 8,000?—A. Something like that.

By Mr. Montgomery, K.C.:

Q. Mr. Carruthers, have you exported any butter yourself direct to the United Kingdom?—A. Last year I exported something like ten cars, in conjunction with another creamery.

Q. Then perhaps you can tell me the selling price in England?—A. It varies.

Q. Take last year.—A. Last year we realized anywhere from 180 to 200 shillings per hundredweight.

Q. When you say you realized, what does that mean?—A. That is what it sold for on the British market.

Q. 180 to 200 shillings per hundredweight?—A. Yes.

By the Chairman:

Q. You say per cwt. Is that 100 or 112 lbs?—A. 112 lbs.

By Mr. Symington, K.C.:

Q. Have you worked it out in pounds, so that we can save figuring?—A. Well, I have not got the figures here.

Mr. MONTGOMERY, K.C.: We will get some of our lightning calculators behind here to work it out for us.

The CHAIRMAN: Perhaps Mr. Middleton will work it out for us in dollars and cents. 180 to 200 shillings per cwt, of 112 lbs. What is that figure in dollars and cents?

The WITNESS: In fact some of our butter went as high as 210/—.

Mr. MONTGOMERY, K.C.: Then take it at 200. It ranges from 180 to 210 shillings per cwt.

Mr. DUFF: It is 40 cents a pound.

[Mr. James M. Carruthers.]

Mr. MONTGOMERY, K.C.: You are fairly close. The answer given to me is 42.85.

The CHAIRMAN: I see two chartered accountants are in collaboration, so that we ought to get it right.

Mr. MONTGOMERY, K.C.: I think for the purpose of the present cross-examination we can take it at, roughly, 43 cents per pound, as the price in England.

By Mr. Montgomery, K.C.:

Q. Now your suggestion is that the rate instead of being \$1.50 should be \$1; you will allow them double the pre-war rate to take care of the double cost. That is right, is it not? I am assuming that 51 cents is the old one.—A. Well I was figuring of course on 32.1.

Q. I understand, but assuming the tariff rate was as stated, 51 cents, your basis of calculation would still remain the same and you would be prepared to concede a rate of \$1.02 we will say, a hundred pounds. I am taking the same basis and doubling it. In other words a cent a pound instead of 1½ cents a pound.—A. Well, half a cent saving would be quite a saving, but we would like to get all we could.

Q. Your saving on butter selling at 43 cents in Great Britain would be one half of one cent per pound.—A. That is what it would amount to.

Q. Seriously then, do you consider that that would be a very important factor on a market which has preferences, we will say, for Dannish butter, or for some other kind of butter, salted or unsalted?—A. A saving of half a cent a pound to the Canadian production would mean a considerable amount of money.

Q. I am talking about the market, Mr. Carruthers. We all agree upon the desirability of developing the Canadian market for butter, if it can be done. Do you seriously suggest that a difference of half a cent a pound on a commodity selling at that price is interfering with increased production?—A. Any advance in price that we can get for our producers will naturally help to stimulate production.

Q. That is as far as you will go. Now let us take it from another angle. Are you objecting to Vancouver getting the same rate as Montreal; or put it in another way, assuming that the butter rate from Montreal was \$1.50, would you object to the Vancouver shipowner meeting that rate and carrying it around through the Panama Canal at \$1.50.—A. Well, situated as we are in Manitoba, where we have a long haul to Montreal or St. John, we naturally want to get as advantageous a rate as we possibly can.

Q. Both rail and ocean?—A. Yes, we would welcome a reduction in both.

Q. Bear with me a moment and assume that you have a fixed rate of \$1.50 from the Eastern ports, would you under those circumstances object to the carrier at Vancouver quoting the same rate in order to enable the shipper from Vancouver to compete on the same basis in the foreign market?—A. No, I would not.

Q. You would think that fair enough?—A. Well I would not object to it.

Q. There is nothing unreasonable in that part of it. Well now you have compared the carriage with that from New Zealand and the Argentine. You have told us that the carriage from New Zealand is \$1.50?—A. I understand that is the information.

Q. Do you know what the rate is from the Argentine?—A. No, I do not.

Q. Now you are genuinely interested in developing our butter trade in Canada?—A. I am.

Q. I think we all are. You have referred to the season of shipping as extending from May or June until October.—A. That is the most advantageous season for Canada to export her butter, at the moment.

[Mr. James M. Carruthers.]

Q. As a matter of fact there is practically no butter exported in the other months or very little?—A. Well, as Canada is just stepping into the export business.

Q. No, the Canadian producer unfortunately does not produce evenly the year round?—A. Not as yet.

Q. It is a very seasonal production.—A. It is changing from that condition though, fast.

Q. Would you agree with the remarks of Mr. D'Arcy Scott, whom no doubt you know.—A. Very well.

Q. He holds what position?—A. He is secretary of the National Dairy Council of Canada.

Q. Are you an official of that Council?—A. I am one of the executive.

Q. Then you are probably familiar with his views as to what should be done with the question?—A. Well, there have been various plans set out.

Q. You must have discussed the matter with him from time to time?—A. Yes.

Q. Will you agree with this statement, which he is reported to have made when addressing the Canadian Club in Montreal on the 31st March of this year, and I am now quoting. He stated that the Canadian butter exporters only ship butter about three months in the year. That would more or less check with what you say, June, July, August and September; I think you make it four.—A. I make it up to October.

Q. And after the consumers in the United Kingdom get accustomed to the taste of Canadian butter, they would forget all about Canadian butter in nine months, and he thought it was a mistake for butter not to move forward regularly throughout the year, and that it was a mistake for merchants and exporters in Canada to hold the butter in order to try and obtain half a cent profit instead of allowing it to move continuously to the United Kingdom. Would you agree with that?—A. I agree that the more butter that we can keep on the British market, the better future we will have to continue holding that market.

Q. In other words, in order to develop a market, and a taste in the British public for Canadian butter, you have to be in a position to furnish it to them more or less continuously?—A. Yes.

Q. Or else the people get out of the habit of buying it?—A. Well, it goes off the market for a time. They are not able to procure it.

Q. Have you considered that condition as contrasted with New Zealand or the Argentine Republic?—A. Well, New Zealand at the present time is more favourably situated as they have so much more to offer they can keep it on the United Kingdom market for a longer period.

Q. And the New Zealand producer turns it out fairly regularly throughout the year, does he not?—A. They have their long season the same as we have, only their long season comes at the opposite to ours, they being south of the Equator. That gives us a more strategic situation in the summer period.

Q. Let us understand one another. Are you suggesting that their exports are confined to three or four months in the year?—A. Their heavy exports are from November until May. I don't say they do not have exports during all the year, but their heaviest exporting season is during those months.

Q. I think we could probably agree upon this, could we not, that their exports of butter are much more regular throughout the year than ours?—A. Having more to export, naturally they can regulate it. In fact they have what you would term possibly in this country, a pool system over there, where they more or less regulate the flow of butter now from their country over to the British market.

Q. And the butter exporters in Canada have not yet arrived at that stage of marketing?—A. No.

Q. Will you follow along the operations of the New Zealand pool a little bit, and tell us how they handle their shipping of butter?—A. I am not very well able to tell you that.

Q. We have had a little information upon that point in this inquiry?—A. I have not read it.

Q. We are told that the New Zealand butter is shipped in a refrigerator ship, which is put into service for the carriage not only of New Zealand butter but of New Zealand meats and other refrigerator cargoes; have you any knowledge of that?—A. I understood that that was the case, because their principal exports over there are perishable goods.

Q. We are also told that this pool, if you choose to term it so, or conference, contracts for a definite quantity of space on those refrigerator ships; have you any knowledge as to that?—A. I am not prepared to make any statements upon that point, because I am not aware of the conditions.

Q. If that were so, it might possibly place the exporter of butter from New Zealand in a rather favourable condition as to rates, might it not?—A. Well, no doubt they are doing everything they can over there to facilitate matters.

Q. And that they pay for that space, whether they use it or not?—A. I could not say.

Q. We have been told that the bane of the ship operator here is the vacant space; that seems reasonable does it not?—A. You mean that they cannot get sufficient to fill their spaces?

Q. What we are told is this, Mr. Carruthers, that the ship owner is required to provide a certain amount of refrigerator space to take care of cargo of that class, during the peak season. That would seem to be reasonable, would it not?—A. I am given to understand that last year there was a period during the summer when we could not have any space, owing to it all being taken up, when we wanted to make shipments.

Q. So there is a demand for space when it is right at its limit and a lot of space is required?—A. Not on butter. I understand this was taken up by the packers, the packing industry, and that many exporters of butter had to contract for their space from the packers. Of course that is information that has been given to me secondhand.

By Mr. Montgomery:

Q. And we are told that the space which is ordinarily provided for butter goes empty more than one half the year. What do you say as to that, Mr. Carruthers?—A. I do not know why that space should go empty. It is not space that we cannot use for anything else. I should think it could be utilized easily.

Q. Is it your idea that it is available for other refrigerator cargo, or that there is plenty of it?—A. I should think that if it is refrigerator space, it could be used for other purposes.

Q. I would like you to be a little more definite; do you mean for the carriage of other than refrigerator cargoes?—A. Other than what is necessary to go by refrigerators.

Q. Have you given the subject any consideration?—A. No, only by common knowledge.

Q. Will you accept the assumption from me that the space has to go idle for a certain number of months in the year, as contrasted with New Zealand, where space is contracted and paid for whether used or not; wouldn't that affect the conditions of carriage?—A. I should think so. Of course I am not a ship-owner or a steamship man, but I should think if I was offered goods I could store them in the refrigerator space, and if I could not get perishable goods I could store other goods there.

Q. You have not heard any of the evidence about pipes, and the way these refrigerators are entered?—A. No.

[Mr. James M. Carruthers.]

The CHAIRMAN: Mr. Montgomery, forgive me for interrupting, but this witness does not happen to be an expert in connection with matters of ocean transportation in refrigerators via Montreal. I think what you are after can be better obtained perhaps from somebody else.

By Mr. Montgomery, K.C.:

Q. Do you think as an executive of the Dairy Council that you could pool produce or butter under the same conditions as New Zealand does?—

A. That is a question now before the Dairy Council.

Q. You are considering that?—A. Yes.

Q. Do you think you can bring the Dairy Council to this point of view, that if they could obtain space over the entire year, that they should have a certain amount of space for even the export months and pay for it whether they used it or not?—A. If the time should come in the near future where there will be enough co-operation to bring that about, it is quite possible that they should formally engage space in that way.

Q. And if that time came, and you were able to make such arrangements, you would be able to negotiate for a better rate, would you not?—A. I do not see at the present time why we cannot get a better rate—at the present time.

Q. We all feel that way, Mr. Carruthers; we all feel that our coal bills are too high. The question is whether you think there is any possibility of putting the production in Canada on anything relatively like the same basis as it is in New Zealand?

Mr. SYMINGTON, K.C.: My learned friend is assuming that that is the case in New Zealand. We have the report of the Imperial Committee on it, and the butter business in New Zealand is among the most expensive of the whole lot.

Mr. MONTGOMERY, K.C.: We will discuss that later. If you will read the report, you will see the contract itself.

Mr. SYMINGTON, K.C.: Everything is there.

By Mr. Montgomery, K.C.:

Q. Do you think there is any possibility of the production of butter in Canada and its export being anything comparable to the conditions that exist in New Zealand?—A. Time will bring that about, perhaps.

Q. And with different conditions of carriage—

The CHAIRMAN: I suppose the answer to that question is, that you are living in hope?

The WITNESS: Yes, sir.

By Mr. Montgomery, K.C.:

Q. Where did you get your information that the rate from New Zealand was \$1.50?—A. I got that information from Mr. Symington.

Mr. SYMINGTON, K.C.: I can answer that. I showed him Mr. Marlow's evidence.

The CHAIRMAN: It has been suggested that he comes from Winnipeg, and that he is modest. That is not necessarily a correct assumption.

The WITNESS: Certainly not, Mr. Chairman. I may say that that information was given to me by Mr. Symington, who gave me to understand that that was given before a Commission.

By Mr. Montgomery, K.C.:

Q. You are not testifying to it of yourself, you are depending upon information which has been given to you?

Mr. SYMINGTON, K.C.: I told him.

[Mr. James M. Carruthers.]

By Mr. Montgomery, K.C.:

Q. I am informed that the rate from New Zealand to the United Kingdom on butter in refrigerator space is \$1.90 per 100 lbs. Would you have any means of checking that?—A. I have been given different rates, but I cannot vouch for any one of them.

Q. My information is that that was the evidence of Professor Macklin, given before the United States Tariff Commission in April of this year.

The CHAIRMAN: May I make a suggestion, Mr. Montgomery? If this is important—and I think it is—should we not have someone here who can give us the exact rates rather than deal with assumptions either of the witness or somebody else, or something drawn from some other investigation?

Mr. SYMINGTON, K.C.: The witness told me he had other information, and I stated that Mr. Marlow had stated to this Commission that the rate was \$1.50.

By Mr. Montgomery, K.C.:

Q. Anyway, coming to our own Canadian production, apparently so far as the export is concerned, it is not very regular, is it?—A. The export?

Q. Yes?—A. It is very regular, during the season.

By the Chairman:

Q. All the year round?—A. No; it is not constant throughout the year.

By Mr. Montgomery, K.C.:

Q. But year by year?—A. I contend that it will be from now on.

Q. "Hope springs, etc." In the way of progressive action, I see according to your own figures that the export to the United Kingdom for 1922 was 17,307,000 lbs?—A. That is correct.

Q. And the following year, 1923, it dropped to 4,461,000 lbs.?—A. I may say that there is a certain amount of explanation to be made there. I would say that the explanation for a certain amount of that decrease was owing to a condition in the United States, when the price was high there, and instead of going to the United Kingdom it went to the United States.

By the Chairman:

Q. In spite of the Fordney Tariff?—A. Yes.

By Mr. Montgomery, K.C.:

Q. That was before the Fordney Tariff, was it not?—A. No, it was in spite of the Fordney Tariff.

Q. And in 1924 you gave the figures as 14,000,000?—A. 14,713,888.

Q. When you speak of Denmark having reached its peak, did you observe that Denmark went in 1922 and 1923 from 159,000,000 to 205,000,000?—A. I did.

Q. With a higher charge proportionately?—A. It is only an increase from 33.4 to 36.1.

Q. We will not waste time over that. Have you anything more to say than this, that as a producer and exporter of butter you would like to see the rate lower?—A. I would like to see the rate lower.

Q. A natural desire?—A. I think it would be a great help to the producers in Canada.

Q. Apart from that you really know nothing about the rates or what the movements is?—A. I know the rates we are paying from Canada across.

Q. And you do not know how long butter space remains vacant?—A. No, I would not say that I do.

Q. Or whether the butter exporter from Montreal furnishes regular cargo or not?—A. No, I cannot give you that information.

[Mr. James M. Carruthers.]

The CHAIRMAN: Have any of the members of the Committee any questions to address to Mr. Carruthers?

By Mr. Kennedy:

Q. You gave the figures of Canada's export to the United Kingdom as 14,000,000 pounds?—A. Yes, 14,713,888 pounds.

Q. And the price was in the neighbourhood of 42 cents a pound?—A. I would not say that that was the average for all that amount. That was the average price I secured for what exports I made.

Q. A difference of one half cent a pound on the exported amount would amount to how much?—A. Well, it would be one-half cent a pound on 14,000,000 pounds, about \$70,000.

Q. What effect has any increase or decrease in that world market on the price on the Canadian market?—A. I contend that as Canada has taken a position as an exporting country, with our production of butter growing from year to year, that the price paid to the producer must be based on the price he can get for export, and consequently any advantage that can be got, whether it is half a cent, one cent, or three-quarters of a cent, that advantage accrues to the producer.

By Mr. Halbert:

Q. That applies to the home consumption?—A. It applies to the home consumption.

By Mr. Kennedy:

Q. And it applies to the home production?—A. Yes.

By Hon. Mr. Stevens:

Q. That is, it would increase the price of butter generally?—A. Naturally it would.

By Mr. Kennedy:

Q. For 1924 how much butter was produced in Canada?—A. I think I have those statistics here. The total production in Canada in 1924 was 182,870,853 pounds.

Q. So that an increase of half a cent a pound in the export amount would raise the price of the butter produced in Canada practically half a cent a pound?—A. That is my contention, yes.

Q. Which would amount to a considerably larger sum?—A. Oh, very much larger.

Q. Nearly a million dollars?—A. Yes.

Q. It would be practically worth that to the producers of Canada?—A. That is my contention, that the producer would obtain that advantage.

Q. It is generally recognized in trade that that is true, that the export market does control the Canadian market, so long as Canada is exporting her surplus.—A. Does that not obtain in any article the country produces when you have to depend on the export?

Q. I think so.

Hon. Mr. STEVENS: That is pretty far-fetched, when you have 14,000,000 pounds exported, and 180,000,000 pounds consumed internally, and a fraction of a cent on the export fourteen million is ipso facto to affect the price of the 180,000,000, which is going pretty far. I think the hope and belief in it would be very nice and pleasing, if you aggregate it into \$900,000, it looks all right, but I think it is pretty much of a dream.

The CHAIRMAN: If I might make an observation, I would think that the exports of butter cannot be separated too distinctly from the exports of cheese

[Mr. James M. Carruthers.]

and raw milk and cream, and I would say this, that as we have a large exportable surplus of dairy products, either raw or in manufactured shape, anything that will raise the export price will inure to the benefit of the producers, not only those who have produced for export but those who have produced for home consumption as well.

Hon. Mr. STEVENS: That is a general principle, but we want to compare the amount of exports to the total production.

The WITNESS: I was just going to mention that in citing this 14,000,000 of exports to the U.K. that is not the total exports of butter out of Canada. Canada exports to the United States at certain periods.

By Mr. Montgomery, K.C.:

Q. How do the exports to the United States compare with those to the United Kingdom?—A. I have not the exact figures here, but if my memory serves me right—

By the Chairman:

Q. You have it for two years here?—A. This is to the U.K. I think the total exports of butter from Canada during 1924 were something like 24,000,000 pounds, 14,000,000 of which went to the United Kingdom, a certain amount to the United States and a certain amount to Japan and other countries.

The CHAIRMAN: This sheet which the witness places before me which is from our Bureau of Statistics, shows that for 1924, for the year ending December 31st, 1924,—no, those are our imports.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, we were importing butter into Canada in 1924, were we not?—A. Not that I am aware of. There may have been small amounts in isolated cases. I do not think we imported anything in 1924; there was a small amount in 1923.

The CHAIRMAN: If there are no further questions to ask the witness I will thank him for his attendance and discharge him. Thank you very much sir.

The witness retired.

The CHAIRMAN: What is the next item on the programme?

WILLIAM THOMAS ROCHESTER PRESTON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, at the adjournment last night we were discussing your suggestion on page 6 of your report under the heading, "Discrimination against Canada," the following—A. Mr. Montgomery, will you pardon me a moment.

Q. Let me finish my question and you can do all the talking you like. I quote: "A pronounced discrimination was immediately declared against Canadian ports."

Mr. SYMINGTON, K.C.: Again you are not quoting the whole sentence. I am going to object every time you do not quote the entire sentence. The reading is:—

"According to the records of the Department of Trade and Commerce, a pronounced discrimination was immediately declared against Canadian ports and in favour of American ports as the settled policy of this steamship combine."

The WITNESS: I am going to ask you, Mr. Montgomery, if you will kindly let those two points stand over which we were discussing last night. I have not been able to complete my enquiry.

[Mr. James M. Carruthers.]

By Mr. Montgomery, K.C.:

Q. As far as your enquiries have gone, you have not been able to find any records in support of your assertion?—A. I will not say that.

Q. Mr. Preston, we are not dealing with you on a new subject, we are dealing with a very serious charge against the shipowners in the North Atlantic Conference, that immediately after obtaining this control which you speak of, the records show that a pronounced discrimination was immediately declared against Canadian ports. I want to know the authority upon which you made that statement.—A. I made that statement, as I understood, on the authority of Departmental records that I have been unable to get to-day, with a view to a further discussion of it. I can say no more than that at the moment.

Q. But surely, before making a statement of that kind, you would have made some record of that information?—A. No, I made no record of it.

Q. You took no note of where you obtained it?—A. Yes, I took a note as I went through the records.

Q. Mr. Preston, I am not going to let you off with that.—A. Mr. Montgomery, I am not asking to be let off about anything.

Q. You have made this charge in a report issued under date 31st December of last year, which you say was handed in January of this year, and I want to know whether you have nothing in your possession, no record of any kind to back it up?—A. Not at the moment, no.

Q. And you have not been able to find any, although you have had a portion of to-day to get the information?—A. I have not been able to get the files to-day, Mr. Montgomery. I told you so.

Q. Why haven't you been able to? You had the whole morning.—A. Yes, I had the whole morning. I have been looking up the points that were brought up yesterday since nine o'clock this morning until five o'clock this afternoon, and I have not been able to get the information I want, which I believe exists.

Q. I am not asking you to fortify statements you have made in this report by information which you now hope you may be able to obtain. I am asking you whether you have any record in your possession which would support that assertion.—A. I have not.

Q. Now, I assume that your report is intended to give the impression that you are dealing with the several matters at this stage more or less historically, in chronological order.—A. Pretty much so, I will not say altogether.

Q. Then we come along towards 1911. Prior to 1911 you say:

"Finally, the milling industry, which was severely affected by the discrimination in favour of United States milling interests, protested to the Canadian government against this policy of the steamship combine, and a demand was made for action on the part of the government in order to secure from the combine more favourable ocean rates for Canadian products."

That is page 6 of the report. Will you be good enough to lay before the committee the facts?—A. I have not got the particular items here at the moment.

Q. So you have nothing now before you to support that assertion?—A. Nothing in my possession at the moment.

Q. You have known since the month of March that you were to be examined before this committee upon the allegations in your report?—A. I knew I was to be examined, yes.

Q. Did you not expect to be asked to quote the authority for your statements?—A. No, I did not, altogether.

Q. You saw that your several statements were put in issue by a Reply, a printed Reply?—A. Yes, and I am prepared to reply to several of them.

[Mr. William T. R. Preston.]

Q. In fact, you gleefully chuckled—I think that is the suggestion made in your interview last night in respect to this Reply?—A. No, I did nothing of the kind.

Q. In any event, you knew that issue was taken in respect to your statements?—A. Yes, to some of them.

Q. And that you were to come before this committee and testify to the truth of them?—A. Yes.

Q. And you have not taken the trouble to collect any information which you had relied on in making these charges?—A. Oh, yes, I have. I have not got anything dealing with that point in my possession at the moment, but I think those things are available.

Q. You know that one of the most serious charges which has been put forward has been the discrimination by this Conference at meetings in New York, in combination with United States lines or lines running to the United States, against our Canadian ports?—A. Not so fully as that.

Q. You regarded this at the time as a very serious charge, did you not?—A. Yes, it is a very serious charge.

Q. And you have not a word you can give us or a document you can refer us to to support the charge you have there made?—A. Not in my immediate possession, I have not.

Q. You wrote that report, you told us, in December 1924, or completed it and handed it in in January?—A. Completed it in December or the beginning of January, December I think, or the beginning of January.

Q. At the time you wrote that report were you aware of any commodity in respect to which there was discrimination against Canadian ports as compared with the United States?—A. Oh yes, we have letters to that effect in the Department. I think I quote one or two of them here.

Q. Let us have them.—A. On page 20. We will take them one at a time.

Q. You are referring us once again to the canned-apple man?—A. To the Grahams. I think the letter is from Graham. The letter is in existence, I think, in the Department.

Q. Is that the one referring to the evaporated apples, of which you have not told us in your report?—A. It is the Grahams—R. L. Graham or R. J. Graham. It is taken from his own letter.

Q. I thought we had finished with that last night. You referred us to that letter last night, and then agreed it really had nothing to do with discrimination as between ports?—A. I do not think I did.

Q. Will you read the thing again and see what it says?—A. This is a discrimination against Great Britain—no, it is a discrimination against Canada.

Q. Examine it again and see that he is complaining to you that the United States packers, being more adjacent to the seaboard, are able to ship at a lower rate. Do you find any discrimination against Canadian ports there?—A. "The largest exporter of evaporated apples directs attention to the effect of the discriminations existing against Canadian ports, rendering it absolutely necessary for him to export his product by New York, instead of via Canadian ports, and he is also able to secure more favourable rates there than by the combine lines from Montreal or Halifax."

Q. Did you investigate that?—A. I took Mr. Graham's letter, and the documents which he sent to prove it. I returned the documents to him and asked him to take care of them so that they might be produced before this Committee, and I presume he or his export officer will produce them.

Q. Did you make any effort to find out whether that was all the Conference rates?—A. I simply took Mr. Graham's letter, as I say here.

Q. Have you his letter here?—A. No, I have not his letter here. His letter ought to be with the Department; it was left with the Minister.

Q. You do not quote a single rate there to back it up?—A. I think I do, at the end here (indicating).

Q. I do not see any?—A. "Hamburg and Rotterdam 30 cents."

Q. Now, Mr. Preston, please be careful about your answers.—A. Yes, sir.

Q. We are talking about the discrimination as between Canadian and United States ports, are we not?—A. Well, if he can ship via New York ports for less than he can ship via Canadian ports to reach the United Kingdom, there is discrimination somewhere.

Q. Is that what he is suggesting there?—A. Yes, as I take it.

Q. As you take it?—A. Yes.

Q. Do you not note that he is comparing shipments from Canadian ports to Continental ports as compared with the United Kingdom?

Mr. SYMINGTON, K.C.: That is preceded by the words "In addition."

By Mr. Montgomery, K.C.:

Q. Is that what he refers to?—A. (Reading): "In addition to that, he refers to the discrimination against the development of Canadian trade with Great Britain as seen in the current ocean rate upon evaporated fruits and apple products."

Q. I am not questioning you about that; I am questioning you about discrimination in favour of United States ports as against Canadian. Are you suggesting that the references you are giving me bear upon that question?—A. I think they do.

Q. Look again. Are they not comparing rates to the United Kingdom as contrasted with rates to the Continent?—A. Yes, and he is getting better rates to the Continent—he is paying more to reach the United Kingdom than to reach the Continent.

Q. What has that to do with discrimination as between Canadian and United States ports?—A. This certainly is discrimination against Canadian exporters.

Q. Let us come back to what we were talking about, Mr. Preston, and tell me what that has to do with the discrimination as between Canadian and United States ports? Does that bear upon the question?—A. I think it does.

Q. Although there is not a United States rate quoted there?—A. These rates from the United States are quoted. The whole thing must be read together.

Q. Will you read it again, before you make any rash statements? Is it not headed "From Canadian ports?"—A. I cannot take any other meaning than the one I tell you.

Q. So that although it reads "from Canadian ports," you cannot take any other meaning than it is United States ports?—A. It is from the United States ports. It is a better rate than he could get from Canadian ports for his product to the Old Country.

Q. Then, have you anything else to suggest than that statement which you are not able to support by Mr. Graham's letter or by any of the comparative figures, as to the rates from the respective ports?—A. No, I am just dealing with that one.

Q. You have nothing else that refers to it?—A. I am not touching anything else but the one.

Q. You have not corroborated that?—A. I took Mr. Graham's word for it. I think he is quite reliable. I judge so by his letters and the documents he sent. They will be produced before the Committee by Mr. Graham.

Q. On the strength then of the letter from Mr. Graham, which you have not checked yourself, are we to infer that you base the charge of "the general

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policy of the Combine of quoting lower freight rates from the United States"—A. I gave you the incident.

Q. And on that incident you made the sweeping charge that the general policy of the Combine, by quoting lower freight rates to the United States had a more serious effect upon Canadian shipping and Canadian ports than seemed apparent. Have you anything to back that up?—A. I am only dealing with this one case.

Q. And that one case, which you had not personally checked, was your foundation for that statement?—A. Yes, and I practically checked it, in that the Grahams sent their bill of lading, or whatever the technical name is—I do not know—to me, and I returned them and asked them to bring them before the Committee when called upon to give evidence.

Q. Now, we will go on to the next paragraph. "Dominion Seeking Imperial Relief," and "Imperial Royal Commission."

The CHAIRMAN: What page is that, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: At the bottom of page six and the top of page seven.

By Mr. Montgomery, K.C.:

Q. Just a word introducing the paragraph headed "Dominions Seeking Imperial Relief." Have you looked at that resolution at all introduced by Sir Wilfrid Laurier?—A. Not recently.

Q. Was there a reference in it at all to ocean freights?—A. There was a reference to ocean freights in the original resolution, as I saw it, and that was the cause of Sir Wilfrid Laurier moving it, and dealing with the whole question of ocean freights.

Q. When did you last see it?—A. I saw the resolution when Sir Wilfrid Laurier was discussing it with me in London.

Q. How many years ago? 1911, I suppose?—A. Yes, at the time of the meeting of the Conference.

Q. And you tell us about the Imperial Royal Commission then? Are you suggesting anything about the Imperial Royal Commission in that last paragraph under that particular heading?—A. I do not exactly understand your question.

Q. (Reading): "It was expected that the report would be produced by this Imperial Commission within two or three years, but five years elapsed before it was available,"—A. No, I am not suggesting anything.

Q. No innuendo there?—A. No, certainly not.

Q. Then, let us go on to the Sir Henry Drayton inquiry. I do not know whether he is here or not—

Hon. Mr. STEVENS: He was called away, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: (Reading): "The Canadian Government was pressed in 1913, by the milling interests to immediately investigate the operation of the North Atlantic Steamship Combine?"—A. Yes, that was reported in the English papers at the time.

By Mr. Montgomery, K.C.:

Q. By "papers" you mean— —A. The newspapers.

Q. You do not find any reference to that in Sir Henry Drayton's report?—A. No.

Q. Then you go on to say "At this time there was no doubt in the public mind that the Combine was an accomplished fact. Nevertheless, this was disputed by certain shipping interests. Sir Henry Drayton was assured by high officials of shipping companies that there was no such organization as a North Atlantic Steamship Conference or Combine." What is your warrant for that statement?—A. Sir Henry Drayton's statement to me.

[Mr. William T. R. Preston.]

Q. Do you find a suggestion of that kind in his report?—A. I am not talking about his report. I am talking about a personal conversation with him.

Q. You will notice in his report he discusses the meetings he had with the Conference?—A. Wait until I get his report, please.

Q. I draw your attention first to page four, where it says, "In addition to discussing the matter with the Imperial authorities—"

The CHAIRMAN: That is the second from the last—the penultimate paragraph.

Mr. MONTGOMERY, K.C.: We can pass on to the next heading, "Combine Continental Meetings." I assume that you are there referring to the period when Sir Henry Drayton was conducting his investigation; that is to say, in 1913.

The CHAIRMAN: I do not quite get the purport of that question, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: "Combine Continental Meetings."

The WITNESS: No, I was rather referring to then Combine meetings as I knew them early in the century—early in 1900.

By Mr. Montgomery, K.C.:

Q. You finished the paragraph we have suspended with the statement that Sir Henry Drayton was assured by high officials of the shipping companies that there was no such organization as a North Atlantic Steamship Conference or Combine. That obviously was in 1913?—A. Yes.

Q. And you go on to say, "It may be quite true that the Combine did not exist as a British institution, because the Steamship companies would have found themselves in conflict with the British law against combines"?—A. Yes.

Q. Are you referring there to 1913 also?—A. I should imagine so; somewhere along that time.

Q. What law was it they were in conflict with?—A. I cannot give you the law, but the general talk was that they could not hold their meetings in Great Britain, and they were holding them on the Continent.

Q. Was the informant who told you that the same person who told you what the attitude of the Conference was?—A. Not, that I knew for years.

Q. Now, Mr. Preston, stop and think where we are landing. You were aware of the Royal Commission on Shipping Rings which finished its work, I think, in 1909?—A. I have the report of it here. I had no particulars of it at that time.

Q. Do you mean to say that you conducted this investigation for a matter of ten months on the other side without even examining the report of the Royal Commission on Shipping?—A. No, I do not say that, but what I say was—

Q. Did you ever receive a copy of the Order-in-Council appointing you?—A. I would not be sure.

Q. You did not go around as the accredited agent of Canada without having seen your appointment?—A. Yes, I did.

Q. You are sufficiently well known?—A. Yes, sufficiently well known.

Q. Well now, you knew what the purport of that Order-in-Council was because you refer to it several times without your report?—A. Well, I knew the purport of it. I am not clear about having seen it.

Q. Well, you were appointed, were you not to investigate the alleged discrimination in freight rates, covering Canadian shipments from Atlantic sea ports?—A. Yes.

Q. Also regarding the alleged combine in connection with such shipments?—A. Yes.

Q. In the ten months that you were engaged upon that did you never examine the report of the Royal Commission re-Shipping Rings?—A. Not while I was there.

Q. Although it was held there?—A. Yes.

Q. You could have found all the information regarding shipping rings without having gone to your friends?—A. No, I do not think I would.

Q. You would have found the Secretary, where their offices were and everything else, and you did not bother to inquire?—A. No, I did not go near them.

Q. You would have found their meetings were held principally in London?—A. No, I would not have found anything exactly, because I had the opportunity of reading a good many minutes of the meetings, and all the minutes that I read showed that the meetings were held on the Continent.

Q. Are you suggesting seriously to this Committee that the meetings of the west bound Conference, corresponding to the east bound, as held at New York, are not held in London?—A. What I am contending is this, that the meetings of the North Atlantic Conference are very largely held on the Continent. I can give you illustrations of a very recent date.

Q. Which conference are you speaking about?—A. About the North Atlantic Steamship Conference.

Q. There are a great many North Atlantic Conferences?—A. There are different ones. I am referring to them in that way.

Q. Are you referring to some Continental Conference?—A. No.

Q. Are you referring to the United Kingdom Conference?—A. I am referring to the one very frequently reported in the London papers, as meeting at such and such a place, and Sir William Noble was incident altogether to the fact that he had been in Holland attending one Conference.

Q. Is it your suggestion that it was the United Kingdom Conference he was attending?—A. As I said it was the North Atlantic Steamship Conference, the Conference that deals, according to the minutes, with matters regarding Atlantic traffic and very frequently with respect to Canada.

Q. Please follow me. Are you speaking of the United Kingdom Conference. The North Atlantic United Kingdom Conference?—A. I am speaking and dealing with that as the North Atlantic Steamship Conferences. As to the various details of them I am not as fully acquainted with.

Q. And you did not investigate that?—A. No.

Q. You did not examine the Royal Commission on Shipping Rings?—A. I read the Royal Commission on Shipping Rings after I returned here. I think I had read something on it before.

Q. Before or after writing your report?—A. I read the Commission on Shipping Rings after writing my report, I think.

Q. You read the Commission on Shipping Rings after writing your report?—A. No. I had seen some extracts, at least, from it before.

Q. Then you must have seen that the Conferences and all their doings in Great Britain had been fully investigated and discussed pro and con in that report?—A. That they had been?

Q. Did you examine the Dominions Royal Commission Report?—A. I think I had a copy of that with me when I was away.

Q. That must have surely acquainted you with the facts, that the Conference meetings were held in England?—A. As to where they were held all the time, I was paying no attention. I took it as accepted by the McMaster Report.

Q. Did you examine the Alexander Report?—A. I do not know what you call it.

Q. The one you were quoting from yesterday? A. If this is it, I read it.

Q. During the ten months of your investigation you never referred to it?—A. No.

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Q. If you had read the Dominions Royal Commission Report, would not your attention have been specially drawn to that report?—A. I read the Dominions Royal Commission Report. I really did not know where to get some of the documents referred to. I took the conclusions very largely arrived at.

Q. Did not you observe that their conclusions were arrived at in connection with the Alexander Report?—A. No, I do not charge my memory with that at the moment. I went into it pretty thoroughly. You have copies of it here.

Q. I want to know whether you are intending to suggest that these conferences did not hold their meetings in London because they would have been in conflict with the British laws had they done so?—A. That was the impression I had for years.

Q. So that charge is made upon the impression you had for years?—A. Yes.

Q. Do you know now that their meetings are regularly held in London?—A. I do not know what ones are held regularly in London. I know that almost every month while I was in London I saw a notice in the papers, of Conference meetings on the continent.

Q. Would that not have suggested itself to you that some Continental Conference meeting was being held there?—A. No.

Q. You do not know yet that they have regular offices in London?—A. I do not. I heard so.

Q. You have the volume right in front of you. Have you looked at the chart that has been passed around among the several members?—A. I have heard they have an office in Leadenhall Street.

Q. If it is in conflict with the British laws, surely they would not have opened up an office in Leadenhall Street.—A. You can do a good many things abroad and be safe in London, within the law.

Q. What is the opinion you intended to give the Minister and Parliament and the Canadian public, in that report?—A. Just exactly what is in it.

Q. That the Combines did not dare to hold their meetings in London because they would have been in conflict with the British laws?—A. That is my impression.

Q. Have you anything to back it up?—A. Not at the moment.

Q. You cannot quote any British laws?—A. No.

Q. Do you know whether, as a matter of fact, there is an office in Leadenhall Street in London?—A. I cannot tell you if it is the office that all the Combines use.

Q. Are you prepared to swear that these meetings are held there regularly?—A. No.

Q. So you made that statement without having ascertained whether meetings were there?—A. I never heard of a meeting being held in London. I knew of a good many being held on the Continent for a number of years.

Q. And you go on to say: "it was only after Sir Henry Drayton was able to secure authentic copies of resolutions that had been adopted at the steamships combines meetings that the Canadian and British members of the Combines admitted its existence or operation?"—A. Yes, I say that emphatically.

Q. And you said, in reference to the preceding paragraph, that prior to the Commissioner having been able to dig out that fact the shipping companies assured Sir Henry that there was no such organization as the North Atlantic Steamship Conference or Combine?—A. Yes.

Q. That is your theory?—A. Yes.

Q. You find no reference of that kind in the reference to that in Sir Henry's report?—A. No.

Q. May I direct your attention to page four of Sir Henry Drayton's report, in the second last paragraph:

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"In addition to discussing the matter with the Imperial authorities. I also had the opportunity afforded me of meeting the representatives of the different lines that are in conference with each other and of hearing a statement of their position".

A. Yes.

Q. On page six,

"Investigation Necessary"

Notwithstanding the information which I received from the Conference Lines, I am still of the view that an investigation should be held".

A. Yes.

Q. On page eight he refers to the different matters in connection with the Conference, does he not?—A. Yes.

Q. It says:

"I should also inform you that I am advised by the Steamship Conference that the so-called loyalty provision under which a charge of ten per cent was made for primage and which is shown on the official tariffs of the Conference, being "General Minimum Tariff", Number Eleven, effective January one, 1913 and by General Minimum Tariff, Number Eleven "A" for the summer season of 1913, has been withdrawn".

A. Yes.

Q. At page eight, the last paragraph of the second paragraph,

"On the other hand, as at present advised, there would seem to be no reason why standard maximum rates should not be fixed by an independent authority and that no increase should be allowed in standard maximum rates except with the consent of that authority".

You observe that, Mr. Preston?—A. Yes.

Q. On page nine, he speaks of the unofficial conferences that he had with the representatives of the Liners at Liverpool?

The CHAIRMAN: Whereabouts is that?

Mr. MONTGOMERY, K.C.: At the bottom of page nine.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. Do you not think it extraordinary if Sir Henry had first been assured by those people that there was no such thing as a conference and was only able to dig it out after securing authentic copies of resolutions that had been adopted, that he finally got them to admit it. Is it not strange that no reference to that effect should be made in his report?—A. I am not commenting upon it at all.

Q. Perhaps, as Sir Henry has returned, you might repeat your authority for this statement?—A. My authority for stating that Sir Henry Drayton had received the assurance of the Conference Lines, mentioning one of them in particular, that there was no such thing as a conference at all—if you like I will tell you the story from the beginning.

Q. Do you quote Sir Henry as your authority for the statement that it was only after he had been able to secure authentic copies of the resolutions that had been adopted at the meetings, combine meetings that had been held in various parts of Europe, that the British and Canadian members of the Combine admitted its existence and operations?—A. I do, emphatically.

[Mr. William T. R. Preston.]

Q. I will leave Sir Henry to speak as to that?—A. All right.

Sir HENRY DRAYTON: I think I will have to read this report of mine.

Mr. MONTGOMERY, K.C.: For my friend's convenience, as well as for the information of the witness, the United States report is referred to on page 313 of "The Dominions Royal Commission," and possibly in other places as well. I just have that one reference to it here. It is marked "1918."

By Mr. Montgomery, K.C.:

Q. Do you know what the condition of the shipping industry was, and the freight situation at the time of Sir Henry Drayton's investigation?—A. No, I cannot say that I particularly charged my mind with it.

Q. Do you know what the situation was at the time of the Dominions Royal Commission?—A. I cannot say that I have charged my mind with it specially.

Q. Is it to your knowledge that at that time there was a shortage of tonnage and a surplus of cargoes?—A. No.

Q. As opposed to the present time?—A. No.

Q. And you have made no enquiries in that respect?—A. No.

Q. Let us pass on to the next paragraph: "Offer to establish Government Control of Freight Rates." Page 8. You quote a letter from a reputable firm of solicitors in London, Messrs. Foss & Co.—A. Yes, I do.

Q. Have you that letter?—A. Here is a copy of a letter signed in pencil by the firm.

Q. Where did you obtain that?—A. I obtained that from a member of the firm.

Q. May I see the letter?—A. Yes.

Q. A member of what firm, the firm of solicitors?—A. Yes.

Q. How did you know that they had written such a letter?—A. Sir Henry Drayton and I had a good many conversations about it previous to it being written. It is addressed to him.

Q. Then is your reproach at the end of it, "To this letter no answer was received," also addressed to Sir Henry?—A. That is not in the letter.

Q. Your comment upon the letter immediately follows though, Mr. Preston.—A. That is the comment in my report?

Q. Yes.—A. Yes sir.

By the Chairman:

Q. Page 8, the last line?—A. Yes. That is not part of the letter.

By Mr. Montgomery, K.C.:

Q. No, what I asked you was, whether this comment at the bottom was also addressed to Sir Henry?—A. I beg pardon?

Q. You tell us in your report that the Government of Canada received through a reputable firm of solicitors in London, Messrs. K. Foss & Co. an official letter offering to establish an anti-Combine service between Great Britain and Canada. You then quote the letter, and you conclude with the short remark: "To this letter no answer was received."—A. Yes.

Q. Did you investigate at all why no answer was received?—A. No.

Q. Did you enquire who the clients were?—A. I heard of some of them at the time. That is you are referring now to those who were making the offer?

The CHAIRMAN: The clients referred to in the letter.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. Well, any objections to stating?—A. Any objection to what?

[Mr. William T. R. Preston.]

Q. To stating who the clients were?—A. No, the principal one at that time was Howard Houlder. Either Howard Houlder or, the Howard Houlder Shipping Company.

Q. Were they operating a steamship line at that time?—A. Oh yes, a very large steamship office they had.

Q. I understand they are not operating at the present time?—A. I don't know whether they are operating or not. I know him personally. Quite recently he lost a very large sum of money in speculation. Three or four millions. He was a wealthy man.

Q. As a matter of fact, he is in bankruptcy at the present time, is he not?—A. Yes, he is.

The CHAIRMAN: He might have been as right as rain in 1913.

The WITNESS: Oh yes, they had very large shipping offices. Had I better read that letter or put it on file?

Mr. MONTGOMERY, K.C.: I will be very glad; I do not want to prevent you reading it, but it is all quoted verbatim in here.

Mr. SYMINGTON, K.C.: No, not all of it.

Sir HENRY DRAYTON: There is something left out.

The WITNESS: Yes, there is something left out.

Mr. MONTGOMERY, K.C.: A paragraph left out is there?

Mr. SYMINGTON, K.C.: It says; "The letter in question is read in part."

Mr. MONTGOMERY, K.C.: Do you want to fill in the rest of it? I have no objection.

Mr. SYMINGTON, K.C.: People may wonder what it is.

The WITNESS: Mr. Montgomery, before you read it, that is a carbon copy I have given you. The location of the office is not mentioned. I will give you the address, if you do not mind the interruption, if you simply want to get the facts?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: It is: "Number 1 Lombard Court, London. 12th September, 1913."

Mr. MONTGOMERY, K.C.: Shall I proceed to read it?

The WITNESS: Yes.

Mr. MONTGOMERY, K.C.: (Reading):

"We are instructed by clients to inform you that after careful consideration they are prepared to enter into negotiations with the Canadian Government for the organization of a steamship company to run vessels between Great Britain and Canada with a view to the importation of Canadian products to the British and Continental markets upon carrying rates more favourable to Canada than those now in force among the North Atlantic Steamship Conference Lines.

"The definite terms upon which an arrangement of this kind might be effected would necessarily have to be the subject of negotiations with the Government of Canada."

That is the paragraph omitted.

"Our clients would however be prepared to enter into an arrangement for the provision of adequate modern steamships for traffic of all kinds, and would bind themselves in any reasonable way suggested by the Canadian Government:—first, that the line of steamships so established would at no time take any interest share or profit in or act in co-operation or sympathy with any steamship combine or association of owners or

[Mr. William T. R. Preston.]

otherwise in any way to raise, regulate or control the rates for the transport by sea of goods of any class to or from any port. Secondly, that subject to such precautions as would suggest themselves to any business man these rates for goods shall be submitted to the control of the Board of Railway Commissioners of Canada.

"Our clients are prepared to provide steamships under these conditions sufficient to maintain an adequate service within a few weeks of the final arrangements being effected with the Canadian Government, pending the construction of special steamships built for the service.

"We might add that we have endeavoured here merely to sketch the guarantees our clients are prepared to agree to in the most specific terms, as the basis of any agreement which the Canadian Government might enter into.

"We should be obliged if you would favour us with a reply in due course, and we are, Dear Sir, yours faithfully."

And that is signed by, whatever the name is.

The WITNESS: I think it is F. Foss & Co., or F. Foss & Son. I am not sure which.

By Mr. Montgomery, K.C.:

Q. "Frederick Foss & Sons." here. It is addressed to: "H. L. Drayton, Esq., Chairman, Board of Railway Commissioners, Ottawa." So that the paragraph apparently which you have omitted from your report contains the provision first that the terms would have to be the subject of negotiation with the Government of Canada.—A. I wanted to shorten the letter and I just put the salient points in.

Q. Second, a reference to the guarantees which the clients were prepared to provide.—A. I do not know just what paragraphs were left out. I wanted to make it as short as possible.

Q. In any event, some importance would be attached to these guarantees, would it not?—A. Yes, I see that now.

The CHAIRMAN: Unless that is filed, I think it is well that it should be entered in the records.

Mr. MONTGOMERY, K.C.: Now let us leave the Dominions Royal Commission report to speak for itself and go on to page 10: the Imperial Shipping Board.

Mr. MONTGOMERY, K.C.: Shall we take up another chapter, Mr. Chairman?

The CHAIRMAN: Suit yourself, Mr. Montgomery. Far be it from me to dictate to you what you should do.

By Mr. Montgomery, K.C.:

Q. Now, Mr. Preston, I will ask you to look at the paragraph in your Report in reference to the Imperial Shipping Board, page 10?—A. Yes.

Q. Do you know when that Imperial Shipping Board was constituted?—A. No, I do not at the moment, sir.

Q. Let me suggest to you that it was constituted in 1920.

The CHAIRMAN: 1920 or 1921?

Mr. MONTGOMERY, K.C.: 1920, the 15th of June, 1920.

The CHAIRMAN: The Imperial Shipping Committee?

Mr. MONTGOMERY, K.C.: Yes, the Imperial Shipping Committee.

The CHAIRMAN: When, do you say?

Mr. MONTGOMERY, K.C.: The 15th of June, 1920, my instructions are.

The CHAIRMAN: It was in June, 1920.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Do you know how it was composed, Mr. Preston?—A. I do not.

Q. You evidently had not a very high opinion of it, judging from your comments?—A. I do not see anything particularly hard in my paragraph.

Q. I will go over it with you:—

“It is fair to conclude that the Imperial Shipping Board, London, is the outcome or the result of the recommendation referred to.”

That is, the resolution or recommendation of the Dominions Royal Commission?—A. Yes.

“But in how far this Board has fulfilled the expectations of various Dominion Governments, Canada has had a peculiar experience, incident to the long period that elapsed before Canadian Milling interests could secure sympathetic consideration by the Board, in connection with the discrimination against the products of Canadian flour mills and of Canadian cereal mills that prevailed in the Conference rates from Canadian ports to Great Britain, in comparison with the prevailing rates from United States ports to the United Kingdom.”

Then you conclude:—

“The Board is helpless in relation to minor as well as major offences that may be and are committed by this monopolistic Combine. Therefore, it is not difficult to conclude that no possible relief in the Canadian situation can be looked for from that source.”

A. Yes.

Q. That is your opinion?—A. Yes.

Q. Well, let us deal with the grounds for it, the complaint of the Canadian milling interests and the long period of time that elapsed. Do you know when the complaint of that organization was brought to the Board?—A. I could not tell you the date.

Q. Give it to us approximately?—A. I cannot give you approximately the date.

Q. Well, before making so serious a statement in reference to the Imperial Shipping Committee, surely you made some inquiry as to the period of time that elapsed from the time they were addressed with reference to the subject?—A. I could not tell you. We saw a good deal in the Press about it.

Q. Please, Mr. Preston; if you made this statement without investigating the subject, just tell us so and we will not need to bother cross-examining you upon it any further. Did you or did you not investigate, to see what interval of time had elapsed between the time this complaint was brought before the Imperial Shipping Committee and the Judgment?—A. I could not tell you the time.

Q. You obviously intended to suggest that there was considerable delay on their part in handling the matter?—A. Yes, or delay in getting it handled, delay in getting something done.

Q. It is intended to reflect in some way upon the competency of the Shipping Committee to deal with matters of this kind, so far as the milling interests were affected?—A. You can put it in that way if you like.

Q. That is all of record in the departmental files, is it not?—A. I could not tell you.

Q. You looked at the departmental files?—A. I did not. I think there is some reference to it there, but I could not tell you what it is.

Q. As a matter of fact the files upon the subject have been detailed to the House, have they not?—A. I could not tell you.

[Mr. William T. R. Preston.]

Q. Are they present in this Committee room?—A. I could not tell you.

Q. That is a serious charge to make against this body. What warrant had you for making it without investigating?—A. If I did not investigate the whole of it, I know considerable time had elapsed, I knew that there had been considerable trouble about it, and I knew that something ought to be done. I think that is a fair historical account of what had occurred.

Q. That is, "Canada has had a peculiar experience, incident to the long period that elapsed before Canadian milling interests could secure sympathetic consideration by the Board."—A. Yes.

Q. Also, "Therefore, it is not difficult to conclude that no possible relief in the Canadian situation can be looked for from that source."—A. I quite believed that.

Q. If you never investigated how the matter was handled by the Imperial Shipping Committee, what warrant had you for making that suggestion?—A. What warrant had I for making that suggestion in reference to the Imperial Shipping Committee?

Q. Yes?—A. I think I had every warrant, in the speeches delivered by Sir Halford MacKinder last year, that is, that we could look for no relief from that Committee.

Q. We are discussing the long period that elapsed before the Canadian milling interests could secure some sympathetic consideration.—A. I thought you were at the second paragraph. You went on to the other first.

Mr. SYMINGTON, K.C.: I again point out that my learned friend joins up one sentence in one paragraph with the conclusion of another, on an entirely different matter.

Mr. MONTGOMERY, K.C.: He gives his illustration, and draws his own conclusion from it.

Mr. SYMINGTON, K.C.: He draws his conclusions from the words in the opening paragraph, that the Imperial Shipping Committee is simply a committee appointed by the British government to inquire into all matters with respect to freight rates, and to report to the British Government, not to anybody else.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, I would like to suggest to you that the first time the attention of the Imperial Shipping Board was drawn to this matter was in a letter from the Minister of Trade and Commerce, dated the 13th of November, 1923?—A. I could not tell you.

Q. In a letter on the departmental files addressed to Sir Halford Mackinder, Chairman of the Imperial Shipping Committee, London, England, confirming a cable sent at that time. You made no search to see what delay had taken place?—A. No, sir, I did not see that correspondence.

Q. I would also draw your attention to the fact that—and you can verify it from the correspondence—it was immediately taken up by the Imperial Shipping Committee.—A. And when was the decision given?

Q. The decision, Mr. Preston, was not given before investigating the facts?—A. A long time elapsed over it.

Q. After looking into the matter they suggested that they should come out here and take evidence?—A. The Committee thought they should come out here.

Q. The Committee thought they should come out here and take evidence upon the subject?—A. Yes.

Q. Do you know when the invitation to come out here was forwarded?—A. I could not tell you; some time about the time I reached London, I think, or some time after that. I know they got the money that was intended to pay my expenses. That was all that bothered me at the moment.

[Mr. William T. R. Preston.]

Q. What is that?—A. They got the money that was intended to pay my expenses.

Q. As a matter of fact what took place was this, was it not, that they offered to come out personally and investigate the whole thing and go across the country, and the suggestion was made by the High Commissioner that they would be prepared to do this if Canada would pay their actual travelling expenses?—A. I don't know anything about that at all.

Q. And drawing attention to the fact that the British Government was supporting the entire expenses of the Commission otherwise, salaries and all other expenses?—A. I could not tell you.

Q. Then let me ask you to verify this fact, which you can do from the files, and should have done before, at least that is my suggestion, that it was arranged as between the Canadian Government and the Imperial Shipping Committee that they should come out here in April; will you verify that fact, if you have any doubt about it?—A. I will look up that fact for you.

Q. And that they arrived here on the 12th of April to take evidence; that is a fact I would like to ask you to verify, and that on the 19th of April, seven days later the whole matter was fixed up?—A. I will look at the files.

Q. If those were the facts, they would not confirm the statement that there had been any undue delay on their part?—A. I would not like to express an opinion until I see the files.

Q. You have been expressing some opinions all over the place, have you not?—A. I have been expressing some opinions; there isn't much doubt about that.

Q. For instance, in an interview which we quoted yesterday you say:—

“I want to laugh when I read the suggestion that the facts should have been referred to Sir (Halford) Mackinder, Chairman of the North Atlantic Shipping Conference.”

I suppose he got the name wrong. It should be the Imperial Shipping Committee?—A. I did not attribute him to be a member of the North Atlantic Shipping Conference.

Q. “They might just as well be referred to the newspaper which is simply the mouthpiece of the corporations.”—A. I think so.

Q. “If the Government were so foolish as to place the issue in his hands, I would be amazed.”—A. So I should.

Q. “It is purely a domestic issue.”—A. I don't know that those are my words, but I endorse them all, absolutely.

Q. Do you know how this Imperial Shipping Committee was made up?—A. I have seen the name.

Q. Do you know, without bothering much about the names, what the composition of it is?—A. I don't know. I could not tell you the composition of it. It was a Committee.

Q. Let me suggest to you that there were fourteen members on the Committee?—A. Yes? I don't know; you are saying so.

Mr. SYMINGTON, K.C.: It seems to have been big enough to be unwieldy, anyway.

Mr. MONTGOMERY, K.C.: I said there were fourteen members on the Committee; I should have said nine.

By Mr. Montgomery, K.C.:

Q. Of those the Colonies had five, and the Home authorities, the British Government, had three, besides the Chairman?—A. I don't know; I could not tell you.

Q. You do not know that?—A. No.

[Mr. William T. R. Preston.]

Q. The Dominions and the Colonies—I will use that term for them all. While I am getting that information—I would like to have it accurately on the record—you had quite a lot to do with Mr. Larkin, the High Commissioner?—A. No, not a lot.

Q. In any event, you know he is on the Commission?—A. Yes, I know Mr. Larkin is on the Commission.

Q. As the Canadian representative?—A. Yes.

Q. You have a high opinion of his judgment?—A. I have a high opinion of his judgment, very high.

Q. You have no doubt about his interest in Canada?—A. None in the world, and he would be the last man in the world who would advise you to go to that Committee.

Q. I would like to ask you, when you are looking at the departmental files, to look at a letter of March 1st referring to the Imperial Shipping Committee?—A. Yes.

Q. In which he says:—

“The Committee is certainly very hard worked. The meetings last well on to 7 o'clock, but Sir Halford Mackinder, the Chairman, is a very capable man, and is quite favourably disposed towards Canada.”

Do you take issue with that statement?—A. I do.

MR. KENNEDY: Who sent that letter?

MR. MONTGOMERY, K.C.: The letter is signed by Peter C. Larkin, addressed to the Minister of Trade and Commerce.

THE WITNESS: That is, that he takes a very great interest in Canada, for Canada's good. I do not think he does, judging by his speeches.

By Mr. Montgomery, K.C.:

Q. Even with that letter, the original of which you can see in the files, you venture to set up your opinion against that of Mr. Larkin?—A. I do, with that qualification I gave you.

Q. And to launch the criticism you have made in your report?—A. Yes, I think my criticism is justified as to Sir Halford MacKinder..

Q. Now, I have before me a list of the committee, so as we have spoken of it we might as well put it in the record. We have Sir Halford MacKinder, the Chairman, and three representatives of the United Kingdom, government officials; five from the Dominions, and the remainder of the Commission is made up of two representatives of the shipping interests and three representatives of the shippers, experts in commerce, a fact which can be verified from the Imperial Shipping Committee's reports.—A. Yes. A lot of interest they take in Canada.

Q. A lot of interest they take in Canada?—A. Yes. They would, in my opinion.

Q. Mr. Larkin to the contrary?—A. No, not Mr. Larkin. He is only one

Q. Mr. Larkin's opinion to the contrary?—A. Yes. Mr. Larkin's opinion of the committee be what it may, I have lived in England for nearly 20 years and I think you will get very little consideration in a matter of this kind before that committee.

Q. As evidenced by their handling of the milling situation, which you have used as an illustration?—A. As evidence by Sir Halford MacKinder's speeches when he was over here.

Q. Will you look at the Departmental files in connection with that very matter and tell us what you find?—A. Yes. I read his speeches, and I have letters about them.

The CHAIRMAN: Gentlemen, Mr. Montgomery suggests that we should adjourn now, and I think his suggestion is a very wise one.

The witness retired.

The committee adjourned.

Special Committee appointed to consider the
Resolution
to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 16—Thursday, May 14, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. R. Preston, Ottawa, Ont., Gentleman (*Continued*)
Mr. John W. Alexander, Organ Manufacturer, Bowmanville, Ont.
Mr. William J. McLean, Traffic Manager, Massey-Harris Co. Ltd.,
Toronto, Ont.
Mr. William R. Caldwell, Traffic Manager, Canadian Cannery, Limited,
Hamilton, Ont.
Mr. John R. Middleton, Chief Accountant, Furness-Withy, Ltd., London,
England (*Concluded*).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No 277,

THURSDAY, May 14, 1925.

The Committee met at 3.30 o'clock p.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugène Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—15. (All Members present).

Mr. William T. R. Preston who was again in attendance, was further examined and retired.

On motion of Sir Henry Drayton, seconded by Sir Eugène Fiset, *Agreed*, That Mr. J. W. Alexander, Bowmanville, Ont., be hear as a witness.

The Clerk was instructed to advise Hon. T. A. Low, Minister of Trade and Commerce, that certain letters which had passed between him and Mr. Preston were regarded by Mr. Preston as being private and confidential but that Mr. Preston had no objection to the letters being produced before the Committee if Mr. Low agreed.

The Committee adjourned at 6.10 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m. the Chairman, Mr. McMaster, presiding, and with all Members of the Committee present.

Mr. John W. Alexander Organ, manufacturer, Bowmanville, Ont., who was in attendance in obedience to summons was called, sworn, examined and was discharged from further attendance.

During the course of his examination the witness filed Exhibit No. 71, "Comparative Freight costs on Musical Instruments" which was read into evidence.

Mr. William McLean, Traffic Manager, Massey-Harris Co., Ltd., Toronto, Ont., who was in attendance in obedience to summons, was called, sworn and examined.

During the course of Mr. McLean's examination the room was cleared and the hearing of evidence conducted *in camera*, after which the witness was discharged from further attendance.

Mr. William R. Caldwell, Traffic Manager, Canadian Cannery, Limited, Hamilton, Ont., who was in attendance in obedience to summons, was called, sworn and examined *in camera*.

The Committee resumed its public sitting and the witness was further examined and was discharged from further attendance.

Mr. John R. Middleton, Chief Accountant, Furness-Withy, Limited, London, England, who was again in attendance, was further examined and retired.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

THURSDAY, May 14, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum, so the Committee will please come to order.

Mr. MONTGOMERY, K.C.: I would like to finish questioning Mr. Preston.

Mr. SYMINGTON, K.C.: Will you be long, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I do not think so.

Mr. SYMINGTON, K.C.: All I would like to say is there are several people here from out of town who are very anxious to get away. Mr. Preston is here all the time, but my learned friend says he will not be long, and if not, probably we can get through with the witnesses to-night, but if he is to be very long, I would ask to have the out-of-town witnesses called.

Mr. DUFF: Make it short and snappy.

Mr. MONTGOMERY, K.C.: All right, I will. There would be a disadvantage in calling them to-night. I had not expected them to be examined to-day, and I am not prepared.

The CHAIRMAN: We will proceed with Mr. Preston, with the concurrence of the Committee.

Mr. DUFF: On the understanding that it will be short and snappy.

Mr. MONTGOMERY, K.C.: All right; we will cut out everything that may provoke an argument, and only hit the high spots.

WILLIAM THOMAS ROCHESTER PRESTON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, will you turn to page 13 of your report, or the bottom of page 12, "How supply and demand works". You say, "The argument is unanswerable if the principle suggested is allowed to operate in the usual way, but when it is artificially operated by the withdrawal of ships from ports where there is likely to be an active demand, and when this withdrawal is effected by those most directly interested, having the power to create a less supply than the demand requires, the argument loses its power". Will you give us any particulars you may have of instances where this has occurred?—A. I had something here—

The CHAIRMAN: Mr. Montgomery, I do not want to unduly interfere, but is that not really a question of argument and reasoning?

Mr. MONTGOMERY, K.C.: I think it is, and if he tells me it is only an argument, I am content.

The WITNESS: I have some information on the question, but I cannot lay my hands on it at the moment, but I will get it and let you have it.

By Mr. Montgomery, K.C.:

Q. That is another piece of information you are not able to give the Committee?—A. No, it is not a piece of information.

Mr. MONTGOMERY, K.C.: For the information of the Committee, I would like to say that, following Mr. Preston's evidence of the day before yesterday, Mr. Bosworth cabled to Sir George Maclaren Brown, "Preston, in giving evidence—"

Mr. SYMINGTON, K.C.: Just a minute. I do not know what this is, whether it is a contradiction or explanation or anything else, but surely we are not going to have a cable, even though it may be from Sir George Brown, accepted here.

Mr. MONTGOMERY, K.C.: I will put it to the witness, if you like.

By Mr. Montgomery, K.C.:

Q. Mr. Preston, since you gave your evidence the day before yesterday a cablegram was sent to Sir George Maclaren Brown, reading, "Preston in giving evidence states you had detective following him around London. Is that correct?"—A. I believe it is correct—

Q. Just a minute.—to which a reply was received reading: "Referring to your cablegram thirteenth Preston's statement absolutely incorrect and fantastic. I did not have him followed anywhere at any time. Why should I?"—A. Will you produce the telegram he sent to Vienna to have me watched there, which I heard read in the presence of five people? What is the use of your talking all that sort of stuff?

Q. You told us that long before you went to Vienna you got rid of that C.P.R. detective?—A. Yes, I did, in London—undoubtedly.

Q. Now, to come back to your report again, omitting the first paragraph on page 13, and taking the second and third ones, "Discrimination against British Traders" coupled with the following paragraph "Officially authenticated facts"?—A. Yes.

Q. You refer there to the lower rates in favour of certain Continental ports as compared to the United Kingdom?—A. Yes.

Q. Now, you have been present and heard the evidence as to the cause of this thing, and I do not wish to argue the point with you, but after having heard that evidence, do you still persist in the charge of deliberate disloyalty to the British Empire on the parts of Peers, Baronets and Knights?—A. I do.

Q. Do you not think that remark is a little "catty"?—A. Not in the slightest degree too strong. The figures I am giving you are from absolute knowledge.

Q. It is not a question of figures; it is a charge of intense and deliberate disloyalty on the part of these gentlemen to the British Empire—those whom you style as Peers, Baronets and Knights?—A. Yes.

Q. And that is the story in which you persist before this Committee to-day in the face of the evidence that has been given—

Mr. SYMINGTON, K.C.: Where is there anything about "disloyalty?" This says "British Traders"—

Mr. MONTGOMERY, K.C.: Please, Mr. Symington: he has assented to it.

Mr. SYMINGTON, K.C.: Not to disloyalty; he has assented to discrimination.

Mr. MONTGOMERY, K.C.: I am afraid perhaps we have lost the thread of the question—

The CHAIRMAN: As I understood it, the question was "Do you persist in your animadversion concerning these Peers, Baronets and Knights?"

By Mr. Montgomery, K.C.:

Q. Mr. Preston, read that paragraph again— —A. If my figures are correct—

Q. Just a moment, please. Read that paragraph again. Do you not think you wrote that paragraph late at night, and forgot to look it over the next morning?

Mr. SYMINGTON, K.C.: Mr. Preston is a teetotaler.

Mr. DUFF: That is the reason; no milk of human kindness.

The WITNESS: (Reading):

“The suggestion that British Steamship Lines, controlled by Peers, Baronets and Knights of the British Empire carry freight from foreign ports to any part of the world at a lower figure than they are willing to carry identical freight from British ports would be absurd, unless official evidence that cannot be contradicted is available to prove the absolute truth of the suggestion. I have in my possession documents establishing this fact. In this connection, the following schedule of freight rates may not be uninteresting”—

Mr. MONTGOMERY, K.C.: Never mind, we do not want you to read the whole report.

The WITNESS: If my figures are correct, and Baronets, Peers and Knights, interested in companies, are carrying goods, say, from Germany to the world at one-half and one-third less than they will carry British manufactured goods, I say you cannot make any language too strong—and my figures are correct.

By Mr. Montgomery, K.C.:

Q. And that is to be read with the phrase used in the preceding paragraph, “The peculiar anti-British influence which apparently dominates the policy of this powerful organization?”—A. Anti-British influence against the manufacturers and labouring interests of the country.

Q. I will ask you again if you do not think that phrase was a little “catty”? —A. Not the slightest; I will repeat it anywhere—

Q. You say that after— —A. And I am asked to repeat it a good long distance from here.

Q. And you say that after what would apparently be a plausible explanation as to why that state of affairs existed?—A. I have not heard any, to me, “plausible explanation.”

By Mr. Duff:

Q. Are Peers, Baronets and Knights any more loyal than any other people? —A. None whatever.

Q. Then why did you pick them out? Why select them?—A. Because they are at the head of these companies.

Q. Just because they have the titles? There are other shareholders besides Peers, Baronets and Knights?

By Mr. Montgomery, K.C.:

Q. Did it ever strike you, Mr. Preston, that these gentlemen, whether they be Peers, Baronets or Knights, or otherwise, are bringing foodstuffs, or raw materials to the United Kingdom?—A. To the United Kingdom?

Q. Yes?—A. Of course they are, but others who are not Peers, Baronets and Knights are carrying it also.

Q. That is their principal cargoes, in a general way?—A. I should imagine so, but they are not carrying them for nothing.

[Mr. William T. R. Preston.]

Q. We will leave aside for the moment any pro-British feeling of which they might reasonably be guilty, would not they, from a purely selfish motive, be interested in maintaining outward cargoes?—A. One would imagine so, but I have heard prominent labour people say that if they got anything like the same rates they get from the Continent, there would be 500,000 less unemployed in England.

Q. Make your answers as short as possible, please, Mr. Preston. From that point of view alone, would they not be interested in maintaining the standard of British manufacturers against their foreign competitors?—A. One is surprised why they are not.

Q. Then, would it not be—to use an expression which you employ frequently throughout your report, a “fair presumption” that they were actuated by some such motive?—A. One would imagine so, but it is not so, at all.

Q. Before concluding that they would be both disloyal in their actions and motives, and apparently acting against their own interests, did you not look for some more charitable explanation of that fact, before making the charge?—A. I surveyed the ground very carefully.

Q. Very carefully?—A. Yes.

Q. And you were not influenced at all by the fact of the competing Continental lines having made a lower rate?—A. I have no confidence in this German scare.

Q. No confidence in it?—A. No.

Q. And the question of port charges and so on had no import to you?—A. Oh, it would have, of course.

Q. The question of a lower standard of living and a lower rate of wages throughout, would have no influence with you?—A. There is no lower standard of living on the Continent than in Great Britain, my dear sir.

Q. Then let us put it on the basis of a lower rate of wages?—A. I do not know there is even a lower rate of wages.

Q. The depreciation of the currency?—A. They have the currency pretty nearly on the right basis, have they not? The gold Rentenbank mark—

Q. I thought this report was prepared some months ago?—A. I think the gold Rentenbank mark was in existence when that report was written.

The CHAIRMAN: As the rate of currency goes down, prices rise; one more or less keeps step with the other.

Sir HENRY DRAYTON: I think they are extraordinarily out of step.

The CHAIRMAN: Mr. Montgomery, we must not go too far afield.

By Mr. Montgomery, K.C.:

Q. This table of rates, on which you rely for your statements and on the following page, page 14, where is that obtained from? What is the source of your information?—A. The source of my information is the schedule of tariffs.

Q. What tariffs?—A. The tariffs from the Continental and British ports.

Mr. SYMINGTON, K.C.: On page 14?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. You are sure you are speaking of page 14?—A. I beg your pardon. Oh!, page 14. I got that from the office of the President of the Board of Trade.

Q. You got that from the President of the Board of Trade?—A. Yes, that is from the official, from one of the officials of the Board of Trade for the High Commissioner's Office, and it was sent to the High Commissioner at my request.

Q. It was sent to the High Commissioner at your request?—A. Yes.

Q. And you were given full information as to commodities and so on I suppose?—A. I think the information is all here. No, not as to commodities.

[Mr. William T. R. Preston.]

Q. Well, would it not be rather interesting to have the commodities?—
A. I think, in discussing the matter with the official—it is their own statement, it is not mine—they were dealing with the trade. The schedule, just as it is there is as it was received at the office.

Q. You know there are many considerations affecting rates? You give the rates but you fail to give commodities to which they are applicable. You must have had the names of the commodities at the time you were given the rates?—

—A. I had nothing but what is here, no commodities that I am aware of. I think this is taken actually from the complaint in order to get it into typewriting form.

Q. Were you not interested in following up to see what the commodities were?—A. I had no other way of following the matter than by the schedules they gave me.

Q. Did you investigate the question as to whether the services were direct or indirect to and from these several ports?—A. No, nothing at all. The question had been up in the House of Commons, if you will pardon me, that you might know just what occurred; the question had been up in the House of Commons and had been replied to some months previously, and having seen that in the newspapers, with the permission of the High Commissioner, I approached the Department of Trade to see if I could get particulars of the item brought up for reference in the House and asked at the same time if they would mind letting me have any others that they might have, with the result that I was given these figures. At the same time the whole Canadian situation, from the standpoint of the combine and the rates, under which we believed we were suffering, was up for discussion.

Q. I am sure no official return was ever made in the House of Commons which gave a rate and did not give the commodity to which it was being applied.
—A. I have no recollection of the commodity being referred to.

Q. So you are not enabled to tell us what the commodities are to which those special rates are applicable?—A. No, I am not.

Q. Nor can you tell us whether the services were in each case direct?
—A. I presume the Department has made the necessary inquiry.

By the Chairman:

Q. Do you know?—A. No.

By Mr. Montgomery, K.C.:

Q. Do you know anything as to the probability of cargo both ways, as to these parts?—A. I do not know anything about it except what you see there.

Q. You did not investigate that in any way, shape or manner?—A. No, only from the Department.

Q. You have based your conclusions given on the previous page as to the peculiar anti-British influence upon these figures but you have not investigated further?—A. No.

Q. And nothing more?—A. No.

Q. Let us take the next table, on page 15. Can you at least, tell us to and from which ports these rates are applicable?—A. You want to know where I got the information?

Q. You merely mention on the one side British ports and on the other side, Continental ports, without telling us whether they are eastbound or westbound, or whether out of Antwerp or Hamburg.—A. The Continental port was Hamburg, and I do not know of the two British ports. Of that I will not be certain.

Q. The Continental port was Hamburg?—A. Yes.

Q. You cannot tell us which British port it was?—A. I could not.

The CHAIRMAN: We had evidence to show that London was very considerably higher than Liverpool.

Mr. SYMINGTON, K.C.: The rate from London to Canada is the same as from Liverpool to Canada.

Mr. MONTGOMERY, K.C.: The witness has not confined his remarks to the Canadian trade.

By Mr. Montgomery, K.C.:

Q. This table of yours has no application to the Canadian trade?

By the Chairman:

Q. Has it any application to the Canadian trade?—A. I could not tell you at the moment.

By Mr. Montgomery, K.C.:

Q. You do not know whether this table really has any application to the Canadian trade or not?—A. I would not venture an assertion on it at the moment.

Q. Can you tell us whether the tariffs given are eastbound or westbound or outward or inward?—A. These are westbound.

Q. You are sure of that?—A. Quite sure of that.

Q. Now, you take up the question of general policy of preferential trade within the Empire following that, do you not, Mr. Preston? It is on the same table?—A. Yes.

Q. And I would gather from your remarks in reference to the consummation so devoutly to be wished for, that you have that very much at heart?—A. Preferential tariffs? I have no opinion to express on preferential tariffs.

Q. I am merely adopting your language, Mr. Preston, in that report, where you have the lines doing everything that can possibly be done to prevent the consummation so devoutly wished for by those in authority?—A. I quote the Right Honourable Stanley Baldwin's speech.

Q. So the indictment is that the lines are doing something to prevent the consummation so devoutly wished for by the Right Honourable Mr. Baldwin and not by Mr. Preston? That is the idea?—A. No, I quote his speech. A great many in authority are in favour of preferential trade and in my report I make some reference to the Dominions Royal Commission.

Q. I was just wondering how much importance you attach to the subject yourself?—A. That is a political question.

Q. I want to ask you that question because I see you touch upon it in one of your newspaper interviews. I might ask you if you are correctly cited when you say:—

“There is one important thing I notice to-day in the cable news. It intimates that Petersen will not get the £600,000 subsidy which he was entitled to simply because he proposed to enter into competition with the combine. If that's the case, it's the first body blow to Imperial preference and I am right ready to join with those who will end the farce of this so-called preference for good and all times.”

A. If that sort of thing goes on.

Q. I was just wondering whether your advocacy of British preferential trade is small or your advocacy of our good friend, Sir William Petersen, was large, that led you to that conclusion?—A. I do not understand the question.

Q. I see. You recognize that, do you not?—A. Yes, I will not say as to the exact words.

Q. Them was your sentiments?—A. Them was my sentiments, yes.

Q. Just to assist us a little bit in checking your report, on the same page, 15, you quote certain rates or refer to freight rates, Canadian exports, as being two or three times greater than the combine rate between Great Britain and United States ports. As your report reads that would seem to indicate that you are comparing the eastbound rate in the Canadian case to the westbound rate in the American case. Would you like to make any correction in your report?—A. No, I do not want to.

Q. You think that is a fair comparison?—A. Yes I do. Quite a fair comparison.

Q. And you would base your conclusion upon a comparison of that nature?—A. Partly.

Q. Now, let us just touch for a second on the organ men, page 17.

Mr. SYMINGTON, K.C.: He is here and he is the next witness.

By Mr. Montgomery, K.C.:

Q. My learned friend tells me he is in the room, so I assume there will at least be no hesitation on your part in divulging his name?—A. No hesitation on my part in divulging every name from whom I got this information for these items you have been discussing.

Q. Does that refer to your evidence of the other night, when you seemed to have such a degree of hesitation?—A. I only decline to divulge the name of men who were getting information for me as to whether members of the combine were likely to stay in, nothing else, notwithstanding the lies published in the newspapers about it; nothing to do with the combine.

Q. We are back at the organ man.

Mr. SYMINGTON, K.C.: Both play the organ.

By Mr. Montgomery, K.C.:

Q. What organ company is it?—A. J. W. Alexander Company. He is present.

Q. What is the name of the company?—A. Bowmanville Organ Company or is it the Dominion? He is here himself, anxious to give evidence and get back.

Q. His complaint seems to be two-fold; first, that the rates now are very much higher than they were before the war, and, second, "that the rate added to the price we must get for our instruments brings it up to the price of what they can purchase a cheap piano for in England." That is the gist of the letter.—A. The letter speaks for itself. Anybody can understand it. I do not know anything further about it than is in the letter.

Q. Perhaps, as the gentleman is here, I will reserve the questions I intended to ask you for him, when he comes. Then the following page refers to freight rate on farm implements?

Mr. SYMINGTON, K.C.: He also is here.

Mr. MONTGOMERY, K.C.: Is that gentleman likewise here.

Mr. SYMINGTON, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. Do I gather your only source of authority for that information is the gentleman present, who is ready to give evidence?—A. I do not not know to whom Mr. Symington refers.

Mr. SYMINGTON, K.C.: I am referring to Mr. Maclean.

The WITNESS: No, that is not the source of this information.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Because if it is I will save time by not asking you questions on this?
—A. No, that is not the source.

Q. Do you happen to know who the principal competitor of the manufacturers of agricultural implements in Canada is? What country is the principal competitor?—A. Well, two. I suppose the two large ones are Massey-Harris and the International.

By the Chairman:

Q. What country competes with Canada?—A. The United States, I presume.

By Mr. Montgomery, K.C.:

Q. There can be no doubt about that?—A. I really do not know, to be frank.

Q. Did you give any attention to that subject at all?—A. I did not.

Q. You know that Canada and the United States, particularly the United States, are the largest manufacturers of agricultural implements in the world?

—A. That is my impression but I have not statistics or knowledge of the actual facts.

Q. That they are exporting to all countries of the world?

Mr. SYMINGTON, K.C.: The Massey-Harris man is here, I might let my learned friend know.

By Mr. Montgomery, K.C.:

Q. That they are exporting to all countries in the world?

By the Chairman:

Q. Is it to your knowledge that the United States are exporting to all the countries of the world?—A. Exporting what?

Q. Agricultural implements?—A. It is not.

By Mr. Montgomery, K.C.:

Q. You deny the assertion?—A. I do not know it. I do not deny it.

Q. You do not know much about the basic conditions surrounding this agricultural implement business. I do not want to ask you about anything you do not know. It is only that you have incorporated this information in your report. I want to know whether you do know anything about it, and if so what you know, and I will confine my cross examination to that.—A. I cannot understand your question.

Q. I see. Then you cannot tell me what you know about this subject of freight rates on farm implements?—A. Just what is in the schedule here.

Q. Do you see any advantage or disadvantage, in view of the fact that the United States is our largest competitor, in the production of farm implements, in having a parity of rates between the two countries?—A. I could not tell you anything about that; I don't know anything about the business, Mr. Montgomery.

Q. If that agreement as to a parity of rates were removed, would you not be afraid of the large manufacturers in the United States taking the market away from our manufacturers?—A. I could not tell you what effect it would have.

Q. With their very much larger production, and obtaining very much more favourable terms on their export business?—A. I could not tell you.

Mr. SYMINGTON, K.C.: Surely my friend should know that the Massey-Harris Company are the biggest manufacturers of agricultural implements in the world.

The CHAIRMAN: Mr. Preston says he knows nothing about the business, Mr. Montgomery so why continue the cross-examination along that line? .

Mr. MONTGOMERY, K.C.: I was finished before my learned friend put in his remarks as to the Massey-Harris Company.

Mr. SHAW: Mr. Chairman, when a person has no personal knowledge in connection with matters of fact, any information he might give us is, I should think, secondhand, and if that is true the best thing we can do is to get it from the people who really do know.

The WITNESS: This information has all come to me, Mr. Shaw, from other parties interested in the business or businesses.

By Mr. Montgomery, K.C.:

Q. Let us take your next schedule, Mr. Preston, which is headed "A Convincing Schedule." It is on page 19. To go back for one moment to the schedule we had under discussion, on page 15.—I beg your pardon, to the question of the organ man, page 17, I notice on pages 14 and 15 that you mention among the articles which are standard exports to the United Kingdom, and you will take note of the term, both musical instruments and pianos; is that correct?—A. If they are here, they were in the schedule rates, and that is all I know.

Q. Proceeding that schedule of rates you say:

"In the list in my possession is shown between twenty and thirty of the standard exports of the United Kingdom,—"

Were they selected because they were standard?—A. Yes, and pianos and musical instruments are there.

Q. Apparently the trouble is in attempting to export instruments from a country which is itself a standard exporter?—A. I don't know, I am sure. I do not know why it should not take place.

Q. We will leave that to the musicians themselves. Coming to your Convincing Schedule on page 19, you have no doubt seen that issue was taken by the Liners in their reply to your Convincing Schedule and the rates you have mentioned?—A. I have noticed that they have discussed it.

Q. If you will turn to page 24 of the Liners' reply, you will see that they take categorically the commodities and give what they claim to be the rates in comparison with yours, do they not?—A. They presume to.

Q. Have you checked to see which is the more accurate?—A. No, I have not. I will give you the source of my information, and you can settle it with them.

Q. I did not mean that?—A. I will give you the source of my information, which I regard as reliable if you desire it.

By the Chairman:

Q. What was the source of your information?—A. The Canadian Manufacturers' Association.

Q. Of Toronto?—A. Yes, sir.

The CHAIRMAN: He says so in his Report.

By Mr. Montgomery, K.C.:

Q. I thought you were going to add something other than what is in your report; you have that right in the report itself; have you anything further you wish to add about that, as regards the schedule?—A. No, nothing further.

Q. If it is a fact that the rates are as corrected in the Reply, you would appear to have been misled into quite serious exaggerations, would you not?

[Mr. William T. R. Preston.]

The CHAIRMAN: In fairness to the witness, Mr. Montgomery, has any proof been given of these schedules?

Mr. MONTGOMERY, K.C.: I understand not, Mr. Chairman.

The CHAIRMAN: What is the use then of asking him a hypothetical question? Either the rates he got from the Canadian Manufacturers' Association are right, or the rates in the Reply are right. It seems to me to be unfair to the Committee and to be taking up an undue amount of time, putting hypothetical questions, when the facts are before us.

Mr. MONTGOMERY, K.C.: I am trying to get a few exact facts, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. Coming to the next question, I would like a few exact facts in regard to that, Mr. Preston; this correspondence from exporters, I assume you have now the exact facts in regard to those letters?—A. They are all from files in the Department, and if anything is not filled in here I will get it.

Q. The first thing that struck me was that up to this time you have pretty consistently given dates, but I find here quite a series without dates. I suppose you can give us those dates?—A. I will get the dates of all of them.

Q. I think you will agree with me that the complaint made by the manufacturer in say 1919, 1920 or 1921, might be of very little interest to us, under the conditions that exist to-day?—A. I will give you the dates.

Q. But you would agree with that, in view of the decreases in the tariffs of rates which have been put in evidence since you have been here?—A. That might have some effect.

Q. If you were using a very old letter as a basis for your December 31st, 1924 Report, you would take steps to verify whether all the conditions complained of still existed?—A. I just give the correspondence as it is there.

Q. But it is designed to have a certain effect upon public opinion in the country, as to existing conditions. Did you take any steps to find out whether they had been corrected, if any complaint existed?—A. No. I took the complaints as they were there and put them in the report.

Q. And without investigating any further, to see whether they were well founded or not?—A. I took them as they were there.

Q. You are here to give evidence in regard to any part of your report?—A. Yes.

Q. You have heard sufficient warnings that we would want particular allegations in regard to these matters. Have you not taken the trouble to look up these letters?—A. I am prepared to give you the dates. They are on the files of the Department of Trade and Commerce, of October, 1919; one is William Kane & Sons, of Newmarket, Ontario.

Q. On page 19, under the heading "Correspondence from Exporters" I find this:—

"From other sources the following complaints are made:—"

Then follows the first letter.

"It therefore appears to us that it is useless to further entertain inquiries from Great Britain on this line, or to encourage importers over there to send us inquiries as long as the ocean freight rate remains at its present exorbitant level."

That is October, 1919?—A. October, 1919.

Q. You would of course know that the ships had just been returned, when they were on a war schedule?—A. Yes; I knew that.

Q. Would you think that it was fair to indict any body of men, whether shipowners or otherwise, upon evidence taken under 1919 conditions?—A. Not upon that alone.

Q. But do you think it fair, without drawing attention to the fact that it related to bygone days and other conditions?—A. I think it is quite fair to put it in there.

Q. That is your answer, is it?—A. Yes.

Hon. Mr. STEVENS: What line does he refer to?

By Mr. Montgomery, K.C.:

Q. Will you answer Mr. Stevens' suggestion; what commodity do you refer to there?—A. Something in woodenware.

The CHAIRMAN: Are they the pencil people in Newmarket?

Sir HENRY DRAYTON: I don't think so.

The WITNESS: Wood ware, I think, of some kind.

By Mr. Montgomery, K.C.:

Q. Let me suggest for your information, Mr. Preston, that it was wash boards?

Mr. SYMINGTON, K.C.: Well, wash boards are wooden ware.

Mr. MONTGOMERY, K.C.: Some are made otherwise.

By Mr. Montgomery, K.C.:

Q. To get down to something more particular, it was wash boards which were the subject of the complaint; do you remember that, Mr. Preston?—A. Now that you speak of it, I know it is wood ware, but I could not tell you just what it is.

Q. Do you know what the rate was, the current tariff, in October, 1919, upon wash boards?—A. No, I do not, at the moment.

Q. You took no steps to find out?

The CHAIRMAN: May I suggest to the witness that he should listen carefully to the question before starting with his answer.

By Mr. Montgomery, K.C.:

Q. Before convicting the shipowners upon this particular evidence, did you take any steps to ascertain whether those distressing conditions still prevailed?—A. No, I did not.

Q. You took none?—A. No.

Q. Have you taken the slightest trouble to verify the changes in the tariff upon that commodity?—A. No. I have done nothing about it.

Q. Not in the intervening years?—A. No.

Q. Now if I were to suggest to you that the tariff in those days was \$2 a cwt. and that it had been reduced by successive steps to \$1.50, to \$1.25, and finally down to 75 cents, which it is to-day, in comparison with the \$2 current on the date you have mentioned, don't you think that it might have been a trifle more fair to either have discarded the letter or given the shipowners credit for having done their best to meet the complaint?—A. Yes. I think you are quite right.

Q. The next citation, is that from the same people?—A. No, I think it is part of the same letter. I judge it is.

Q. So we can take it that is also October, 1919?—A. I think that is probably the same letter.

Q. Are the rates quoted there?—A. \$2 and \$2.50 per hundred pounds.

Q. And if the rate is 75 cents at the present time, having gone through the gradations I have mentioned, your answer, I suppose, would be the same?—A. It would be the same, yes.

Q. Then let us go on to the next one. A very large manufacturing company in Toronto writes, "We have however, we regret to say, not received what we consider fair treatment" and so on.—A. June 16th, 1920. Steel Radiation Company.

Q. Do you know what commodity that was?—A. I cannot tell you. I suppose it was their own radiators.

Q. Did you take any steps to ascertain what the rate then was and what it is to-day?—A. No.

Q. None. The next one is the Chairman of an Ontario city Chamber of Commerce. As you put that "writes" I assume that that is something written about the time you wrote your report?—A. That was in November, 1924, from the Brantford Chamber of Commerce.

Q. That was written in answer to an enquiry that you made?—A. Yes.

Q. At that time you were very busy sending out enquiries?—A. Yes, I sent out enquiries.

The CHAIRMAN: What month, Mr. Preston?

Mr. MONTGOMERY, K.C.: In November, 1924.

The WITNESS: I think it was November, 1924, but it may have been in December.

By Mr. Montgomery, K.C.:

Q. He uses the expression "writes" there. I assume it was about the time of your report. Now perhaps for our information so that we can endeavour to satisfy these particular complainants, you will tell us the name of the city that the complaint came from?—A. Brantford.

The CHAIRMAN: He said that before.

The WITNESS: Yes, Brantford.

By Mr. Montgomery, K.C.:

Q. I am sorry. I did not catch it. Now the apple man I think we have already discussed have we not?—A. Yes, we discussed that yesterday I think.

Q. You have nothing to add on that? The letter that was mentioned apparently contends that the United States packers being more adjacent to the seaboard have an advantage.—A. Pardon me, that is not the apple man that we discussed. That is the Dominion canners.

Q. I understand the complaint refers to apples?—A. Well the apple man we discussed yesterday was R. L. Graham, in Belleville. That is the discrimination against Canadian and British trade.

Q. I had discussed him, but at the moment I am discussing the letter from which you quote.—A. Well, I am telling you that is a letter from the Dominion Canners.

The CHAIRMAN: He says so in his report that it is the Dominion Canners.

Mr. MONTGOMERY, K.C.: You say so in the report just above. The United States packers, being more adjacent to the seaboard, were able to ship at a very much lower rate.

The WITNESS: They will probably be able to explain that themselves. They are subpoenaed.

By Mr. Montgomery, K.C.:

Q. Then if you will just give us the same particulars in regard to the next one: "interfering with domestic export."—A. The sheet metal people. 1923, September 28. The Sheet Metal Products Company, Toronto.

Q. And the next, the letter which appears at the top of the following page?—A. February 25th, 1922. Canada Carbide Company.

Q. And their complaint was in reference to acetic acid and so on, and chemicals they manufactured.

The CHAIRMAN: For the Committee's information, Mr. Montgomery, could you tell us whether the rates have substantially changed in connection with this chemical manufactured by this company.

Mr. MONTGOMERY, K.C.: I was just going to ask the witness whether he enquired about that.

The WITNESS: No.

By Mr. Montgomery, K.C.:

Q. You were sending out enquiries to different people and inviting responses; and you say a large number of them. Would it not have suggested itself to you, before using the letter, to send an enquiry to these people and find out whether they were still dissatisfied?—A. Yes, it would have been wiser, I grant you.

Q. Do you know what the comparison of rates is on those products?—A. No, I do not.

The CHAIRMAN: What is it, Mr. Montgomery, can you tell us?

Mr. MONTGOMERY, K.C.: On the acetic acid, the one mentioned; the comparison, according to the rates which I have before me is: in January, 1919, \$4.50 a hundred. I take it that was a war rate.

July, 1919, \$2.00. February, 1921, \$1.50.

I am giving the dates when the rates were changed.

November, 1921, \$1.25. March, 1922, \$1. January, 1923, 75 cents.

Then appears some rates that are open through certain months and give general cargo rating at so much a cubic foot, which I won't trouble you with; they require some working out.

March, 1924, down to the present time, 70 cents. No, 65 in one. And acetone, which I am instructed is manufactured by the same people, and I assume covered by the same complaint, dropped in the same way from \$4.50 in 1919, down to 75 cents at the present time.

By Mr. Montgomery, K.C.:

Q. Do you know what the attitude of these people is?—A. There is nothing about acetone in my report that I can see.

Q. I gave that information to the Committee. Acetic acid and acetone are both manufactured by the same company. Now, Mr. Preston, will you kindly give us the same information about that complaint.

Hon. Mr. SINCLAIR: Those were from New York to Rotterdam?

Mr. MONTGOMERY, K.C.: This is a general complaint, but he mentions one instance, on one occasion.

Mr. SYMINGTON, K.C.: My learned friend has carefully avoided all discrimination charges in all these letters.

Mr. MONTGOMERY, K.C.: If you, or if the Committee would like me to do it, I will be only too glad to go through all the particulars with respect to them. I was trying to accept an invitation to cut it short. I will wade through them if it is of any assistance to the Committee.

The CHAIRMAN: I do not think we will ask you to do that. Mr. Sinclair wanted to know, very properly, from what port to what port were the rates you have just been quoting, sir.

Mr. MONTGOMERY, K.C.: They are Canada to U.K. Montreal and St. John to U.K.

The CHAIRMAN: And were they the same from the United States to the Continent?

[Mr. William T. R. Preston.]

Mr. MONTGOMERY, K.C.: Mr. Marlow can explain that. I think he referred to it in his evidence. But it depends on what point in the continent and whether the Canadian lines have a direct service to the particular point. We find cases like one of those cited, and that Mr. Marlow referred to.

The CHAIRMAN: I only want to compare direct line with direct line.

Mr. MONTGOMERY, K.C.: And it was shown that the comparison, the particular person was making in that complaint, was a case where it requires transshipment to another line.

The CHAIRMAN: I am not asking for that. I was wondering whether the rate from the United States, to the same point on the Continent, was the same as from Canada.

Mr. MONTGOMERY, K.C.: I am quite sure that if it was the Conference rate it would necessarily have been the same.

Hon. Mr. STEVENS: Mr. Chairman, did we not have very complete evidence on this very question, on the lower rates to the Continent and to the United Kingdom? We have discussed that very fully; I do not see why we should go into it in this case, although it might be interesting. But we will be here all summer if we do.

The CHAIRMAN: I won't press it, Mr. Stevens.

Mr. MONTGOMERY, K.C.: I am told that we would have to know the port. New York to Hamburg for instance. It is impossible to give a general answer to the statement.

By Mr. Montgomery, K.C.:

Q. Will you take the next letter, Mr. Preston, under the pathetic heading: "Closing down," and tell us when that letter was written?—A. December 3rd, 1920. Clark and Company, it seems to be; Bear River, Nova Scotia.

Q. What were they talking about?—A. Closing down if they could not get a better rate.

Q. What was it they wanted to get a better rate on?—A. Some woodenware, I cannot just tell you.

Q. You do not remember anything more than that?—A. Some woodenware, that is all.

Q. Did you investigate to see whether they had closed down in 1920?—A. No, I did not.

Q. Or in 1921?—A. I did not.

Q. Or in 1922?—A. No, I had no correspondence with them whatever.

Q. Then was not that a matter of interest to you, to see whether this calamity which had been predicted, had taken place in all those years?—A. I did not do it, Mr. Montgomery.

Q. But you inserted it in your report, without any substantiation of their closing down?—A. It is in there.

Mr. BLACK: Did they close down. We cannot find the firm.

Mr. MONTGOMERY, K.C.: Did I hear you make the remark that they had closed down?

The WITNESS: It was rather an enquiry.

By Mr. Montgomery, K.C.:

Q. I wanted to know whether you suggested that their closing down was due to the fact—A. I am not suggesting anything.

Q. That they could not export clothespins, which was the particular subject of that complaint.—A. I cannot tell you. I suppose a man who makes clothespins has as much right to make them, as a man who makes watches.

[Mr. William T. R. Preston.]

Q. Yes, but here was something really tragic something that was going to close down an industry in December, 1920, unless they got a better rate. Did you find out whether they had got a better rate or not?—A. No.

Mr. DUFF: Can't you pin them down to the rate?

By Mr. Montgomery, K.C.:

Q. Do you know what the rate was or did you take any steps to find out what the rate was that he was complaining about?—A. No, I did not. I made no enquiries other than what you see there.

Q. Let me suggest to you that my instructions are that the rate current when the boats were taken over was \$3 per hundred pounds.

Mr. SYMINGTON, K.C.: Then you have different rates from those I have, because it says one dollar here.

Mr. MONTGOMERY, K.C.: They were dropped to one dollar when the boats were coming back and have gone down by successive stages—I will not go through the whole enumeration—to fifty cents.

By Mr. Montgomery, K.C.:

Q. If that is correct, do you not think it would be just a trifle unfair to base a charge under that startling heading upon such a letter?—A. I think the charge is all right. I quite admit it would have been better had I written them.

Q. Now, Mr. Preston, I want to go just a trifle further than that. I do not expect you to agree with me, but in your later letters in 1924 I see in every case but one you have carefully mentioned the date.—A. Have I?

Q. You can go back and check my statement, if you like.

Mr. SYMINGTON, K.C.: There are two on the one page, neither of which has a date, and they are both 1924.

Mr. MONTGOMERY, K.C.: They all show a date?

By Mr. Montgomery, K.C.:

Q. You can check that if you like, but if you will accept my statement for the moment, Mr. Preston, I would like to know why it was that you, in all cases, suppressed the date, when the letters were as hoary as those which we have just cited?—A. No, I did not suppress the date.

Q. You do not find any dates where they are ahead of 1923?

Mr. SYMINGTON, K.C.: Do you find any dates at all?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. Will you answer my question? It will need no verification other than what you have before you. You do not show the dates of any letters where they are ahead of 1924, do you?—A. What do you mean by that, ahead of 1924?

Q. Where they are prior to that time?—A. No, there is no date to any of them, even to the Alexander one that I can see, nor the Cockshutt letter, nor to the tanners.

The CHAIRMAN: Mr. Montgomery, you will forgive me if I make this suggestion. Do not all these things appear in the report itself, and is it not a question for argument?

Mr. MONTGOMERY, K.C.: Very well, we will pass on to something else, Mr. Chairman; I will accept that suggestion.

The CHAIRMAN: To use your method with the witness, is it not a reasonable suggestion?

Mr. MONTGOMERY, K.C.: I accept your view that it is a reasonable suggestion, Mr. Chairman.

[Mr. William T. R. Preston.]

The WITNESS: If you want the dates of the other letters I will give them to you.

The CHAIRMAN: No, no. Mr. Montgomery is going to proceed. Go ahead.

By Mr. Montgomery, K.C.:

Q. Just one question in regard to the cattle industry in the west. We have had quite a lot of evidence on that. In your last paragraph you say:

"Cattle dealers claim that owing to marketing conditions, any rate exceeding \$15 per head makes it quite impossible for them to secure a return on their investment, and that cattle shipped at a higher rate are invariably sold at a loss to the producers."

A. That is an official statement which was issued, I understand, by the cattle people.

Q. Did you take any steps to test the accuracy of that?—A. I had a very great deal of discussion about it.

Q. You know, do you not, that the rate throughout 1924 was \$20?—A. I think I give the rates here.

Q. Is it your suggestion that the producers accepted a loss of \$5 per head, at least, upon every head of cattle which was shipped?—A. That is their claim, very largely.

Q. And that notwithstanding that fact, the trade in the export of cattle during that year practically doubled?—A. The cattle men will have to explain that, I simply took this document which was issued. I really do not know.

Q. Before sending it out, surely you gave some consideration to some of these complaints?—A. Yes.

Q. "Appeals to carriers useless." I think we pretty well went over the extent of your appeals to carriers the first night, Mr. Preston, did we not?—A. Yes. This is speaking of the cattle question.

Q. And you have nothing to add to the information which you were good enough to give to us the other night?—A. No, nothing at the moment.

Q. "Fluctuating Freight Rates on Wheat?"—A. Yes.

Q. You seem to emphasize there the desirability, if possible, of securing more stable freight rates?—A. Yes.

Q. You cite some wide variations in the rates?—A. Yes.

Q. Which you say have been controlled by the North Atlantic Steamship Combine?—A. Yes.

Q. Is it your suggestion that these rapid fluctuations were controlled by the North Atlantic Steamship Combine?—A. They fixed the rates, according to my reading of the minutes.

Q. I am just asking you whether you adhere to the language in your report?—A. Yes, if they fixed the rates they controlled.

Q. So your suggestion is that these violent fluctuations were controlled by the North Atlantic Steamship Combine?—A. Yes.

Q. And you do not accept any of the evidence which you have heard given in respect to the manner in which grain rates come about, since you have been in the room? You have heard all that discussed?—A. I have heard it discussed, yes.

Q. And you adhere to your statement notwithstanding?—A. Yes. I read in the minutes that you fixed the rates, and I would call fixing controlling.

Q. Let us get the theory of the thing. Are you for stability in rates?—A. I do not know what I am for in the matter. I am not in the grain trade, I do not understand it at all.

Q. So you really do not know what you are for?—A. Yes, I do know what I am for, but some men claim, as we found in the Royal Commission—

Q. My learned friend suggests that you know better what you are against?

Mr. SYMINGTON, K.C.: I did not say that, I said he knew what he was against.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Let us have the advantage of your views, Mr. Preston, as you set them out in this paragraph. Are you for more stable freight rates or are you against stable freight rates?—A. I should like to see stable freight rates, if they could be got.

Q. Are you drawing a distinction, then, in suggesting that the rates should be stable with regard to grain, but it is desirable that they should be unstable with regard to other products?—A. No, we were discussing grain and nothing else.

Q. But still one has general views on these principles; we are surely not confined to one commodity.—A. I think it would be very desirable to have pretty stable freight rates on certain—well, you might say more largely exported commodities, if it were possible.

Q. But not on the less largely exported commodities?—A. It might be necessary; I could not tell you. It is argued both ways. I have heard both sides of the question.

Q. Does not that stability involve some factor which will make them stable—A. I do not know, some control somewhere, I suppose.

Q. So it is not competition but control that you are after, is it?—A. I would like to see control.

Q. And you do not regard competition, unrestricted and open competition, as being the remedy?—A. No, I will not say that.

The CHAIRMAN: Does it not all depend on the level at which these rates are to be stabilized?

Mr. MONTGOMERY, K.C.: And that question reflects itself, in this case, in the voyage returns, as to whether the level will produce sufficient earnings or excessive earnings or too little earnings.

The CHAIRMAN: This is a matter on which people might have differences of opinion. In fairness to the witness, I do not think he has been fair to himself in answering your question. His report reads:

“The fluctuations noted have all taken place while the freight rates on grain have been controlled by the North Atlantic Steamship Combine.”

Mr. MONTGOMERY, K.C.: Yes, and I asked him first, after the evidence he has heard, whether he still adhered to that, and he said he did.

The CHAIRMAN: I think he was not fair to himself in the explanation he gave.

Mr. MONTGOMERY, K.C.: Your remarks draw a chorus of protests, Mr. Chairman.

The CHAIRMAN: So far my remarks have been merely introductory. If Counsel would be patient with me for a moment, I would give them my idea—which may be wrong or right—as to what Mr. Preston meant by his report. It has been placed before us as one of the main reasons d’etre that the Conference has not been able to keep rates on an even keel or a stable basis, and it has been shown by the evidence before this committee that grain rates fluctuate often from day to day.

Mr. McKAY: And sometimes several times in the one day.

The CHAIRMAN: Sometimes more than once in the same day, in spite of the fact that there is a control of freight rates as far as the Conference lines are concerned.

Mr. MONTGOMERY, K.C.: All of which confirms the evidence of the witnesses that there are rates which you cannot control, that there is a market for them the same as anything else, and to fill their ships they have to offer prices which will attract the commodity.

[Mr. William T. R. Preston.]

Hon. Mr. STEVENS: Are we not more concerned, Mr. Chairman, as to whether or not the rates on grain have been unduly high, and if there are allegations that they have been, why go on with this discussion of the theory of whether they may be kept at any dead level for any period of time. Mr. Preston, in his report, infers that there has been a fluctuation and that they have been unduly high. Now the question is, is such a statement well founded and if so, what is the explanation?

The WITNESS: Pardon me, Mr. Stevens, but I do not know that I have inferred they are unduly high. I only give them.

Hon. Mr. STEVENS: If they are not unduly high, the committee is not very much concerned regarding them.

Mr. SYMINGTON, K.C.: I would rather think they were very much concerned, in view of the fact that the defence is that there is no fluctuation.

Hon. Mr. STEVENS: If the rates are not too high, the committee cannot have very much objection to them.

Mr. SYMINGTON, K.C.: The honourable member does not understand my suggestion. The Conference say they give stability, and this is an instance where they do not give stability.

Hon. Mr. STEVENS: These grain rates are open rates, with 68 per cent of the traffic carried last year by tramps.

Mr. SYMINGTON, K.C.: That again is a matter of discussion, whether that is an open rate or not.

The CHAIRMAN: They may not claim to control them, but the evidence is that every day the Grain Committee of the Weekly Liner Committee met and fixed the rate for that day. Sometimes it was changed more than once in a day. They were controlled to that extent. The object of my observation—and perhaps we have spent more time than we should upon it—was that one of the defences of the Conference is that they brought about stability, and one of the facts about the grain trade is that it did not bring about stability. That, of course, was due to the tramps and to the law of supply and demand.

Mr. MONTGOMERY, K.C.: Were you left with that impression, that there is any possibility of fixing these rates or controlling them? Because the witness explained that they quoted the best rate they could, and then if that was not successful they lowered the rate, and so on. It is the same way as a broker quotes rates on the Exchange, and if he cannot get that rate he brings it down.

Mr. SYMINGTON, K.C.: The evidence is on the record. I would not agree with that statement.

By Mr. Montgomery, K.C.:

Q. Then we will pass from control to absorption, "Absorbing Domestic Concessions," which is the next heading in your report, unless you wish to charge us with the St. Lawrence River insurance rates, which I assume you do not.—A. I think you are quite right in assuming I do not. I do not make any such suggestion.

Q. Then let us pass on to the absorption of domestic concessions. That, I take it, in the terms of your remarks, refers to the preferential tariff?—A. It does.

Q. And your suggestion, if it means anything, means that the preference is absorbed by the freight rate?—A. Yes.

Q. Have you verified that at all? It is a very important subject.—A. Yes, I think I will be able to give you something on it. I have some figures.

Q. In the first place, let us proceed in order of date. Did you observe Sir Henry Drayton's conclusion upon that very subject, in the report from which you have quoted quite freely?—A. Yes.

[Mr. William T. R. Preston.]

Q. On page seven—

The CHAIRMAN: Yes, page seven of Sir Henry Drayton's report.

Mr. MONTGOMERY, K.C.: Yes. You will observe that he says, "The claim that importers made to the effect that the British preference was absorbed by the increased rates does not appear to be borne out." And then follows a statement.

The WITNESS: That is his conclusion.

By Mr. Montgomery, K.C.:

Q. Which apparently was not accepted by you?—A. No, it was not altogether accepted by me.

Q. "Not altogether"?—A. It was not accepted by me.

Mr. RINFRET: That was in 1913?

Mr. SYMINGTON, K.C.: Yes.

Mr. MONTGOMERY, K.C.: I will pass on to that and take a commodity to meet Mr. Rinfret's remark, and bring this down to 1925.

By Mr. Montgomery, K.C.:

Q. Take woollens, for instance. Do you know what the preference was and what the freight rate was?—A. At the moment I have not got the preference; I have the freight rate.

Q. And what freight rate are you using?—A. 1924, 90 shillings.

Q. Because, I have before me a list of commodities furnished by the woollen merchants in the city, showing in actual bills the amount of the freight which they paid, and the amount of preference which they obtained, and the figures for your information, will show as preference the difference between 27½ per cent and 35 per cent—

Mr. SYMINGTON, K.C.: That is not the way to get evidence of the books. I have a lot of figures I would like to put in, if I could do it without calling witnesses.

Mr. MONTGOMERY, K.C.: It is a pity to bring people here for that. I am taking the various commodities mentioned in Sir Henry Drayton's report, merely because it was suggested that the 1921 conditions might be so different as to lead us to a different conclusion.

By Mr. Montgomery, K.C.:

Q. Do you know, as a matter of fact, whether your criticism of Sir Henry Drayton's conclusions, or your disagreement with his conclusions, rested upon the suggestion that conditions are not the same to-day as they were in 1913?—A. They are not the same to-day as they were in 1913.

Q. Is it your suggestion to-day that the preference would be absorbed by the freight rate?—A. That is what has been represented to me by people who are importing, and one in particular who is importing, from whom I have been making inquiries.

Q. Have you any objections to stating the name of your informant?—A. None whatever. It was Charles Wicket, of Port Hope.

Q. Did you make any inquiries on an important subject of that kind, where you proposed to take issue with Sir Henry Drayton, from any of the large importers in Montreal and Toronto?—A. I had the information from him—

By the Chairman:

Q. Did you? Just answer the questions, please?—A. No. I had not Sir Henry Drayton's report in my mind when I made inquiries.

By Mr. Montgomery, K.C.:

Q. My dear sir, you certainly had it in your mind when you made your report, because you quote from it extensively?—A. Perhaps you will ask first when I made my inquiries?

Q. I am not so much concerned with when you made your inquiries, as when you inserted this statement in your report, and you had before you at that time a finding of Sir Henry Drayton upon that very subject?—A. Yes, I had.

Q. Did you take steps then when you found that the report of your Port Hope friend was not in agreement with Sir Henry's conclusion, to ascertain which was correct?—A. My Port Hope friend showed me his invoices and papers, and made it quite clear to me that the preference was absorbed.

The CHAIRMAN: I suggest that is hardly a fair question, because his Port Hope friend gave him the evidence—

The WITNESS: He is supplementing it now—

The CHAIRMAN: (To witness) If you will just pardon me.—and Sir Henry Drayton's report was written some years ago.

Hon. Mr. STEVENS: Mr. Symington objects to Mr. Montgomery putting in these figures. We have in these exhibits all the rates, if I remember correctly, for several years.

Mr. SYMINGTON, K.C.: No; not the westbound rates.

Mr. MONTGOMERY, K.C.: You have the westbound tariffs; we filed them with you.

Mr. SYMINGTON, K.C.: For two years only.

Mr. MONTGOMERY, K.C.: That is all you need.

Mr. SYMINGTON, K.C.: It seems to me that what we will have to do in this case is to take the tariffs filed with the Railway Commission of the joint through rates from England to points in Canada, and take the commodities you want in the joint tariffs to points of destination, and deduct the rail rate to get the ocean rate on these various commodities. At least, that is what I have had done.

Mr. FLINTOFT: Did you get a rate to Port Hope in that way?

Mr. SYMINGTON, K.C.: I got a rate to Winnipeg.

Mr. SHAW: May I inquire of the witness what he means by this absorption process?

The CHAIRMAN: Question the witness on that point, with Mr. Montgomery's permission.

The WITNESS: Swallowed up in the freight rates.

By Hon. Mr. Stevens:

Q. Ocean rates or rail rates?—A. Ocean rates.

By Mr. Shaw:

Q. What is the process by which it is swallowed up?—A. Increased freight rates.

By Hon. Mr. Stevens:

Q. Increased over what tariff?

By Mr. Rinfret:

Q. I understand you mean that the rates are so high that they absorb any preference?—A. Yes, that is what I heard English merchants say.

By Mr. Shaw:

Q. Consequently our goods, as a result, cannot compete with other goods that do not enjoy the tariff; is that right?—A. No, that preference is given to British products, and the increases in freight rates absorb that.

By Mr. Rinfret:

Q. It costs so much to bring them from the United Kingdom to Canada that they lose whatever preference they get by the tariff?—A. That is the allegation.

By Mr. Stork:

Q. It nullifies it?—A. Nullifies it, yes.

By Mr. Shaw:

Q. That may mean that the rates from some other country supplying these goods which enjoy the preference are less than the freight rates from the United Kingdom to Canada to such an extent that the preference is more or less wiped out?—A. No, it is connected with the freight rate and the preference from the United Kingdom.

By Mr. Rinfret:

Q. But it must be a comparison with something?—A. No; I am not talking about comparisons. I take it there is a preference on British goods—certain British goods. At least, the preference was given in 19—

Mr. RINFRET: The date does not matter.

The CHAIRMAN: 12½ per cent up to 1897; then 25 per cent for a little while, and then 33 per cent.

The WITNESS: And the freight rates have increased to such an extent that that is eliminated, that it is swallowed up by the steamship companies.

Mr. SYMINGTON, K.C.: There is no preference against the United States. There would be no use of that in the matter of imports.

Mr. MONTGOMERY, K.C.: When you talk about "the preference"—

By Mr. Shaw:

Q. Is the freight rate on these preferred goods—the British goods which enjoy the preference—from the United Kingdom to New York, for example, the same as it would be to Montreal?—A. You would know more about that than I do. I understand the preference is only applicable to Canadian ports.

The CHAIRMAN: No, they get an extra preference of 10 per cent if the goods come through Canadian ports, but the main preference remains. Of course, the preference was changed from a straight 33½ per cent in about 1907 to a varying reduction of duties on various goods, but the British goods enjoy a preference coming into Canada irrespective of the port they come through, excepting if they come through a Canadian port they get an extra 10 per cent.

By Mr. Shaw:

Q. I understood you to make a statement that the preference is swallowed up in the increased freight rates?—A. Yes.

Q. Now, freight rates are increased alike to New York and Canadian ports, are they not?—A. Yes, certainly.

Q. Then how is the preference swallowed up? Does it not still continue?—A. No, it is swallowed up in the freight rates.

The CHAIRMAN: Goods might come from the United States, for instance, where there is no sea-carriage at all. For instance; consider 100 pairs of boots coming in from the Old Country. They have a preference coming into Canada. They are in competition with 100 pairs of boots coming in from Brockton, Massachusetts. Now, if it were true that the freight rate on these 100 pairs of boots from the Old Country was raised so high as to make it more costly to lay them down in Montreal than the amount by which the duty was reduced in respect to that, the whole advantage of the preference might be absorbed.

Mr. SHAW: So the comparison is between American-made boots and British-made boots.

The CHAIRMAN: Yes.

Mr. DUFF: The boot is on the other foot, as it were.

Mr. MONTGOMERY, K.C.: Just to test this out in one of the commodities mentioned. I would be glad, Mr. Preston, if you would verify—if you doubt—the accuracy of this statement—

Mr. SYMINGTON, K.C.: How does he know that?

By Mr. Montgomery, K.C.:

Q. Do you know what the normal duty is on boots?—A. No, I do not.

Q. I will give it to you, subject to your verification, at 30 per cent. Do you know what the British preference is?—A. No, I do not; I believe it is $33\frac{1}{2}$ per cent.

Q. The British preferential duty is $17\frac{1}{2}$ per cent; the preference is $12\frac{1}{2}$ per cent. Now, do you know, on that same invoice, what the percentage of the freight is?—A. I will give you some figures if you will allow me to go to my office, if my room is not closed.

Q. I would like to put these figures before you so you can verify them if you wish. The percentage of freight rates of the value of the same bill of goods is 1.29 per cent, as contrasted with the $12\frac{1}{2}$ per cent preference, and I am there taking the whole freight rate—not merely any increase, but the entire freight rate. Will you check that please, if you doubt it?

Mr. SYMINGTON, K.C.: I suppose the proper way for my learned friend to do would be to give the evidence.

Hon. Mr. STEVENS: Mr. Chairman, I raised this point a few minutes ago. Here we are, faced with a deadlock. Mr. Montgomery offers certain figures. He is not giving evidence, that is true. Mr. Symington has in these exhibits under his control a full schedule of rates. Why cannot the Committee have the official figures, so that our solicitor, representing the Committee, would not question figures that are suggested by the opposing counsel? If the figures Mr. Montgomery is offering are wrong, he should be called to order and reprimanded. There are the figures in these packages; why not have them?

Mr. SYMINGTON, K.C.: I would like to see any man who could follow these figures while they are being recited?

Hon. Mr. STEVENS: I can give them from memory. Here is a preference, according to Mr. Montgomery's figures, of $12\frac{1}{2}$ per cent. The Customs duty is $17\frac{1}{2}$ per cent on British goods. Here is a figure of $12\frac{1}{2}$ per cent. The freight rate on the same goods amounts to one and one-half per cent.

Mr. MONTGOMERY, K.C.: 1.29 per cent.

Hon. Mr. STEVENS: How can 1.29 per cent absorb $12\frac{1}{2}$ per cent? That is what I want to know? That is the mathematical problem the witness has to solve. I think the statement is an outrage and a slander upon the whole system of British preference. It is in the report, and the witness says he does not know how it has arrived there. If our counsel cannot produce these figures and protect the witness, I think it is about time he knew what he was there for.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. You were to look up for us the explanation of the 25 per cent increase. Your illustration of 25 per cent increase in March 1924 would be rather misleading if it applied only to eastbound freight?—A. What clause are you dealing with?

Q. The same clause.—A. No, Mr. Montgomery—that, I must admit, puzzled me very much. I could not understand that myself. It is misplaced in the arranging of the report. It is a misplacing of the third paragraph in that it ought to follow the fourth. If you will kindly look at it you will see that is what has taken place in the typewriting.

Q. In the typewriting?—A. By the typewriter, yes.

Q. Before issuing this report to the world did you not correct your typewriting?—A. Well, I thought I did. I read until my eyes were sore but that mistake has crept in some way or other in the re-arrangement of the items.

Q. As the thing stands in the report, which is all we have to go by, the statement is decidedly misleading?—A. Of course, it is misleading, that is, it is not misleading because it evidently is not referring to it at all. It is dealing with the next paragraph.

Q. I see it reads quite naturally because it says:

"The advantages which were intended to be given as an encouragement to the development of British-Canadian trade by the Canadian preference to British goods, have long since been swallowed up by the increased cost of ocean transportation. In addition, the Custom's preference given to British goods carried to Canadian ocean ports (instead of reaching Canada via the United States ports) has also been obliterated by increased ocean freight charges.

"The more recent illustration of this is the 25 per cent increase in the freight rates on all goods, which took place on March first, 1924."

A. It could not possibly be taken in connection with that. It could not possibly.

Q. You have seen a recent illustration of the thing you have been talking about or we do not know the English language?—A. Be fair.

By Mr. Rinfret:

Q. Do I understand the next paragraph should come before that one?—A. If the Committee will allow me, there was prepared by myself, taken partly from trade reports and partly from other information, the table which was set in there.

By the Chairman:

Q. Where does "there" come?—A. It comes in after "has been obliterated by increased ocean freight rates." In some way, in fixing up the report, in rearranging, that was left out and the other one crept in to the other place.

By Mr. Rinfret:

Q. Do I understand the fourth paragraph should come in in the third place?

Mr. SYMINGTON, K.C.: That is what he says.

The WITNESS: In reading these two items, my recollection is that they had another heading, the third or the fourth.

By Sir Henry Drayton:

Q. Where do you want to put that clause, Mr. Preston?—A. Put it after the third.

[Mr. William T. R. Preston.]

Q. After the third of the same paragraph?—A. Something has been left out in the middle there.

Q. You put it in after the words "increased cost of ocean transportation?"
—A. Yes.

The CHAIRMAN: Is that cleared up?

Mr. RINFRET: Let us go at it this way.

The CHAIRMAN: You take the witness, Mr. Rinfret.

Mr. RINFRET: The first paragraph reads:

"There is another phase of the situation that is created by the absolute control that is exercised by the North Atlantic Steamship Combine over all ocean freight rates which might well be considered."

A. Yes.

Q. The second paragraph reads:

"The advantages which were intended to be given as an encouragement to the development of British-Canadian trade by the Canadian preference to British goods, have long since been swallowed up by the increased cost of ocean transportation. In addition, the Custom's preference given to British goods carried to Canadian ocean ports (instead of reaching Canada via United States ports) has also been obliterated by increased ocean freight charges."

A. Yes.

Q. Then the fourth paragraph comes in the third place, which reads as follows:

"It is, therefore fair to assume, there being no Government control of ocean rates, any rearrangement of the cost of inland railway transportation to satisfy the agitation that is now demanding a more equitable schedule of freight rates, that whatever consideration may hereafter be given to domestic interests, either agricultural or industrial, these will forever fade into insignificance by another turn of the screw in a further increase to the cost of ocean transportation."

A. The fourth then comes in next.

Mr. SYMINGTON, K.C.: The way Mr. Rinfret read it.

Mr. RINFRET: And the last paragraph is:

"The more recent illustration of this is the twenty-five per cent increase in the freight rates on all goods, which took place on March 1, 1924," etc.

A. Yes. I have, in addition to that, if the Committee will pardon me, a very clear recollection of a schedule which I had put in there, and in some way it must have gotten mislaid by the typewriter or was lost.

By Mr. Rinfret:

Q. Have you got it before you know?—A. No, I have not got it.

The CHAIRMAN: Is that cleared up? If so let us proceed to another phase of the investigation.

Hon. Mr. STEVENS: I would like to have that cleared up. Let us have the correct figure, to decide whether the statement made by the witness is worthy of any consideration or not. The figures are in the hands of the Committee. Why can we not have them? The solicitor has them and he can produce them.

Mr. SYMINGTON, K.C.: What have I got?

Hon. Mr. STEVENS: You have in the schedule the freight schedule on westbound freight.

Mr. SYMINGTON, K.C.: It is not in my custody at all. I can get it for you.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. Let me pass to your next paragraph. I am nearing my conclusion: "Passenger and Emigrant fares." That is an old hobby of yours?—A. I have some information I would like to give you.

Q. Lest you should give us too much, I will try and confine my questions to main points. First, pre-war. You remember that I suggested to you the other day that your rates were somewhat out of line with anything shown by any tariff of which we were aware?—A. Yes, you said so.

Q. Do you know what dates you are taking, in respect to these rates?—A. I beg your pardon?

Q. First, for pre-conference. Will you tell us what date you are taking for pre-conference?—A. I am taking the rate that was prevalent when I went over there in 1898.

Q. As a matter of fact do you know when the conference was formed? A. I could not tell you, now. I think it was somewhere about that time.

Q. As a matter of fact had it not been running for some time when you went over there, some years?—A. No, I do not think it had been.

Q. This suggestion is that \$17.50 was the normal rate at that time?—A. I do not know what the normal rate was. It was the rate under which emigrants were coming to Canada.

Q. I suppose, in days gone by, it was probably cheaper. We know prices have constantly gone up?—A. I could not tell you.

Q. You could not tell me?—A. No.

Q. I wonder if the Committee would be interested in seeing the rate issued by the Montreal Ocean Steamship Company, Edmonton-Allan, Company, as it was then, in 1859, where the rate, even in those days, was considerably higher than the figures you mentioned. You can see the rates all given down there.

The CHAIRMAN: I will read them to the Committee:

"From Liverpool to Quebec; rates of sea-passage; Cabin, £15, 15s; £18, 18s Sterling, according to accommodation. Children, under twelve years of age, 20s per year in aft cabin and 25s per year in forward cabin.

Mr. DUFF: Are those steamers or sailing ships?

The CHAIRMAN: Those would be steamers, I think, "North Britain"; "Anglo Saxon"; "Nova Scotian"; "North American"; "Hungarian" and "Indian".

Mr. DUFF: That is a motorcycle, "Indian."

Mr. MONTGOMERY, K.C.: They evidently anticipated the days of the Diesel engines.

The CHAIRMAN: (Reads). "Third class, £7 7s; children in third class, seven years and under twelve, £4 and 10s; one year and under—

Mr. DUFF: They ought to go free.

The CHAIRMAN: (Reads). From one to seven years, £3, 10s. Under one year, free." According to Mr. Duff's suggestion.

Mr. DUFF: What do they charge for large families?

By Mr. Montgomery, K.C.:

Q. I will not argue rates with you because I think it will assist the Committee much better by giving them ourselves but, accepting any rate you wish to put, whether your own or any other, did you give any consideration, in making your comparison, to the difference in conditions as existing at the time given, for your first rate, and the present time?—A. No, I have simply given the tariffs.

Q. You have simply given the tariffs?—A. Yes.

Q. Well now, if you were intending that as an indictment, and you evidently were, do you not think it would have been fair to have drawn attention to the very different conditions under which third class passengers were brought out to Canada then and now?—A. Everybody knows that conditions have changed very much.

Q. You have heard the evidence given the other day, that in those days they got cargo both ways in that space?—A. I do not know that I did.

Q. That cattle were carried eastbound and emigrants westbound?—A. I heard that in regard to one or two steamers, or was it one steamer?

Q. As regards accommodation, do you know that in those days emigrants were carried in open dormitories, if I can call them that, containing twenty to a hundred or more people?—A. No, I do not.

Q. You were interested in emigrant conditions in those days?—A. I have seen a good many emigrants carried on a £3 rate. I cannot say they were comfortable, that is, I would not like to travel under those conditions of travel but they were reasonably comfortable and they were very anxious to go.

Q. You know in these days passengers were not given the luxury of a dining room or a dining table? I am taking your own period in 1898, I think?—A. From 1898 to the time the Elder-Dempster Company went out we had a £3/10 rate; not altogether.

Q. I am speaking of the year you take, 1898, and I ask you whether you are aware of the difference existing and the service given for the money in those days as compared with to-day?—A. The change is very great.

Q. The change is very great?—A. Yes.

Q. You did not think it necessary to make mention of that fact?—A. No, I did not. I thought my report was then long enough.

Q. I did not catch your answer?—A. I did not mention anything else but what is shown there.

Q. You are aware are you not, that the third class passengers were given no attendance at all, in the way of stewards' attendance?—A. I was not.

The CHAIRMAN: Forgive me for breaking in. Is not all this evidence before us?

Mr. MONTGOMERY, K.C.: I wish to know whether the witness is aware of these things. It is not a question of evidence; it is a question of good faith. If he is ignorant of these things we could forgive his ignorance when he starts to compare rates. If he withheld the information in making the rates. I say that the witness is in the grossest bad faith. That is the reason I am asking whether he was aware or not?

The WITNESS: We are all aware that conditions have changed on the ships very much.

By Mr. Montgomery, K.C.:

Q. Were you aware of the fact that they were not even provided with bedding in those days?—A. I never heard that. I have seen emigrants going on the boat during the time I was there and I never saw anybody carrying their bedding.

Q. What do you refer to as bedding? Sheets and so on?—A. Sheets and mattresses and things like that.

Q. In 1898, is that your evidence?—A. During all the time I was over there I never saw any emigrants carrying their bedding.

Q. Never mind who did the carriage, Mr. Preston. I am asking you whether the liners supplied such luxuries as those?—A. I could not tell you.

Q. You could not tell us?—A. No.

Q. But, my dear sir that was your whole job in 1898, looking after the comfort of the emigrants in their transportation to Canada?—A. I was not a health officer.

[Mr. William T. R. Preston.]

Q. You impress me really as evading the question. If any man had occasion to be familiar with the conditions under which emigrants travelled in those days you were the man?—A. Not in 1898. I do not think I was on board an emigrant steamer until about 1900 or 1901, and crossing the Atlantic, upon more than one occasion, I went into the emigrant quarters. They were not quarters I would like to travel in, I grant you, but they were there.

Q. Well now, Mr. Preston, what had you been doing between 1898 and 1901?—A. I was doing my Immigration work, organizing in Europe, and organizing in Great Britain.

Q. You were Commissioner of Immigration?—A. I was.

Q. And as Commissioner of Immigration, in those three years you had not attempted to make yourself familiar with the conditions under which immigrants were being shipped out?—A. That was not my function. There were officers for that purpose.

Q. You were unfamiliar as to that?—A. I don't know that I was unfamiliar with it. I was there for about two years.

Q. We cannot ask you any questions about it, because you know nothing now and did not know then?—A. I told you that I went through the emigration quarters of a ship that I crossed in, I think in 1900.

Q. Mr. Preston, you are the very man I would have thought of summoning here to tell us about that?—A. I was not the medical officer of the department. The department had a medical officer to look after that phase of the work. My time was very much taken up with other phases of it.

Mr. MONTGOMERY, K.C.: I would like to place before the Committee particularly, if you have not had an opportunity of seeing it, a description of the third class traffic, the folder, giving the rooms, accommodation and service as it is to-day, in the modern third class folder, giving the figures and so forth.

Sir HENRY DRAYTON: I think we have all those in here now, given very carefully and very well.

The CHAIRMAN: I think so.

Mr. DUFF: I think it is all in the budget now, is it not?

The CHAIRMAN: I think all the Committee know that third class accommodation to-day is very very different from what it was 25, 30 or 40 years ago.

Mr. MONTGOMERY, K.C.: We see them advertising students cruises to-day, in the third class.

Mr. RINFRET: It is a question whether the expense is justified by the increase in the quality of the service.

The CHAIRMAN: That is it, exactly.

Mr. MONTGOMERY, K.C.: My point, Mr. Chairman, if I may be permitted to say so, is that in cross-examining the witness I am endeavouring to show that the witness was not acting in good faith when he wrote his Report, and that he wrote it maliciously, and I have no hesitation in saying that.

The WITNESS: I would expect that from you.

Mr. MONTGOMERY, K.C.: I picked up from the dining table the menu of the third class table.

Mr. SYMINGTON, K.C.: My learned friend should give us the costs. It is very important to know what it costs to feed emigrants upon these third class voyages.

The CHAIRMAN: Mr. Rinfret has put his finger upon the very point. We all admit there has been a very great betterment in the third class service, that emigrants to this country are treated very differently from what they were 25 or 30 years ago. The question is, is the increase in the cost warranted by the

[Mr. William T. R. Preston.]

increase in the services, to use Mr. Rinfret's words, which I cannot improve upon.

Mr. MONTGOMERY, K.C.: I have only one or two more questions to ask Mr. Preston upon that point, and I will drop it then.

By Mr. Montgomery, K.C.:

Q. When you were searching the departmental files, Mr. Preston, for the purpose of making this Report we are quoting from so extensively, was your attention drawn to a letter from the High Commissioner in England, appearing on the Department files or tables under date of the 13th of February, 1924, which contains the following paragraph:

"There is always one thing we have to keep in mind, and that is that we must not bear so heavily on the shipping companies that they may consider withdrawing the ships from our routes and thus kill the goose, and I think just now they are going through a very bad time."

You must have seen that letter, because you were quoting from letters which appear on the same file?—A. What is the date of it?

Q. The 13th of February, 1924?—A. I did not see the letter.

Q. Would the views of the High Commissioner have affected your judgment at all in the conclusions which you have laid down in that report?—A. Do you mean as to the desirability of a lower rate for emigrants?

Q. As to the general tone of your Report?—A. I don't know that I saw anything there from the High Commissioner that bears upon my report.

Q. Well, the High Commissioner has put himself upon record in addressing the Government here, and you have told us you were in communication with him; you must have known his views upon it?—A. I knew the High Commissioner's views upon the whole question of the Combine, or Conference if you like, and what ought to be done. We discussed that, as I tell you, quite freely.

Q. If you had seen that letter would it have at all influenced your views or conclusions?—A. I could not tell you at the moment. I would like to see all the correspondence before expressing an opinion.

Q. Do you agree, or disagree with the opinion expressed by the High Commissioner?—A. That we were going through serious times? I did not know anything about it.

Q. You did not know anything at all about it?—A. No.

Mr. MONTGOMERY, K.C.: That is all, Mr. Preston.

By Mr. Symington, K.C.:

Q. Mr. Preston, that letter of February 1924, I understand from your evidence that it was after that you went to England and discussed all these matters with the High Commissioner?—A. Yes, it was after that.

Q. So that that letter was written prior to the discussion of this matter with the High Commissioner at all?—A. It probably would be, yes.

Q. Now, I am going to be very short with you, Mr. Preston. Would you kindly tell the Committee as shortly and as concisely as you can, unbothered by questions, just what you did when you left here to go and inquire into this matter in March of 1924?—A. I went direct to London. The day following my arrival I called on the High Commissioner, and told him in a general way what my mission was; that probably by the next mail the Order in Council or whatever was necessary to reach him would probably arrive. To begin with, the High Commissioner and myself accepted the finding of the McMaster report that a Combine existed, and that therefore from that standpoint there was no occasion for any inquiries. Then as to what I should do we were agreed upon this—

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Mr. MONTGOMERY, K.C.: I want to state here, Mr. Chairman, that I do not think it is proper for this witness to be allowed to make a speech of this kind at the present time; he has put himself on record in writing as to what he did, and has given his conclusions. He was examined by my learned friend, and was given every opportunity to state what he did; he has done so, he has been cross-examined as to what he did, and has been given ample opportunity to explain himself. Now he wishes to make a speech.

The WITNESS: Pardon me, I wish nothing of the kind.

Mr. MONTGOMERY, K.C.: He wishes to fortify his position by these continuous references to such instructions as he had from the High Commissioner, or the High Commissioner agreeing with him in the steps or action to be taken. We have not got the High Commissioner here; such views as the High Commissioner had are on record, and we have no way of contradicting his statements. I do not think it is at all proper that this witness should be allowed, at my learned friend's invitation, to start out to make a speech now. In cross-examination, while we are not before a Court of Law we are possibly not held down to the strict rules of evidence. This witness after all is in re-examination. The ordinary rules of evidence are not arbitrary matters; they are based upon common sense and the necessity which Courts, Commissions and everybody else have of finishing evidence and concluding it some time; consequently it has been a rule established and adhered to by everybody, that when they get to re-examination they should be confined to the subject of cross-examination, and not go into matters which might form the subject of a second cross-examination, and not to make points to the Committee, which he is now proceeding to do.

Mr. SYMINGTON, K.C.: Mr. Chairman, I have no object in pressing anything.

Mr. SHAW: Why should not the witness be questioned? I should like to ask the witness certain questions.

The CHAIRMAN: I think, with Counsel's permission, and the general agreement of the Committee, I will accede to Mr. Shaw's desire.

By Mr. Shaw:

Q. Mr. Preston, do I understand from your examination and cross-examination, that the question at issue so far as you were concerned, was not a question of giving better service, but a question of getting lower rates?—A. The question at issue so far as I was concerned, was to endeavour to get lower rates, Mr. Shaw, all other considerations being equal.

Q. And then you followed that up, when you went to England, by endeavouring, directly and through intermediaries, to get the views of various clients, as to the probable attitude of any of the shipping companies with regard to leaving the Conference?—A. To learn for me, from members of the Conference, what likely action they would take if they were approached; whether they were likely to leave the Conference.

Q. That is, you tell us that in order to get the lower rates it would be necessary for one of these companies to leave the Conference?—A. I thought so.

Q. To withdraw from the Conference?—A. I thought so.

Q. Then I think your idea was that if we were to get relief in the way of lower freight rates, the Conference would have to be dissolved, at least to the extent of one member leaving it.—A. Yes. I will answer one point more if you will allow me. One other necessity, an absolute requirement was that the Government would have control of the rates.

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Q. But that could not be secured unless the Conference was broken up to the extent of at least one shipping firm leaving the Conference?—A. Yes, quite so.

Q. Now tell me from your experience, has the Conference system any merit whatsoever?—A. Has it any merit? Well, I could not tell you that I am sure.

Q. You are not prepared to offer an opinion on that subject?—A. You can say it has merits of course, yes.

Q. Then another question, Mr. Preston. You have had experience with the Franco-American Company seeking to act against the Conference. What reason have you to suppose that lower rates would be given by them than by the Conference?—A. I don't know to what you refer, Mr. Shaw, in the Franco-American Company. I don't know what company you are referring to.

Q. I am talking about the company that Mr. Peterson had of that name some years ago.—A. Oh yes, I did not know that was the name.

Q. You realize that Sir William Petersen's company, the previous company, came to grief by reason of Conference action, did it not?—A. Yes, I should judge so, yes.

Q. Now what reason have you to suggest that similar action nowadays—that is, the organization of a company outside the Conference—would not likewise come to grief either immediately or ultimately?—A. I thought with Government support it was bound to succeed, that it must succeed.

Q. When did you have this conference with Mr. Cairns?—A. On the 5th June. Well, when I say the 5th, I see the correspondence is dated either the 5th or 6th, so I judge it was that day or the 6th. It was the first week in June, anyway.

Q. I think you told us that your first conference with Sir William Petersen was about the end of June.—A. At the end of June. Some time in the end of June.

Q. How did you come to get in touch with Sir William Petersen?—A. By writing a letter to his office, and sending that memorandum which I think you have seen, to ask if he would be willing to consider a proposal along those lines.

Q. I take it, Mr. Preston, that the scope of your duties will be found in the Order-in-Council?—A. Well, probably; yes.

Q. You have no instructions from the Minister other than those contained in the Order-in-Council?—A. Well, yes, I had.

Q. First of all let me direct your attention to this fact; the Order-in-Council provides that you are employed to investigate the alleged discrimination in freight rates governing Canadian shipments from Atlantic seaports?—A. Yes.

Q. Now the only discrimination you were familiar with from Western Canada, was the discrimination in flour?—A. Yes.

Q. That was the only one at that time?—A. I think not the only one, Mr. Shaw.

Q. When you got to England you found that was settled?—A. Well, I could not of course do anything with that over there. I knew before going, or I knew that at some time I must make some enquiries in Canada.

Q. As a matter of fact that discrimination was adjusted almost at the time of your arrival in England, the flour discrimination?—A. Sometime along there, yes.

Q. Did you make any investigation there with regard to any other alleged discrimination?—A. No, that was not the place. This side was the place.

Q. Quite right. I agree with you. Now you said it was your duty to investigate regarding the alleged combine in connection with such shipments, in marine insurance?—A. Yes.

Q. Did you have anything to do with that?—A. Yes I spent a good deal of time over that.

Q. And you found that was adjusted to some extent shortly after your arrival in England?—A. No, not shortly after. Before I left England. But before it was adjusted I had a good many interviews with large insurance companies.

Q. I understand you have read the report of the Shipping Committee, and they apparently do not give you credit for having any part in that arrangement?—A. Well, I thought my very presence there accounted for the whole thing being finished up, as it was. And Mr. Larkin thought his attitude on it had resulted in success, and that the shipping companies had no credit whatever. So we were all picking up the chestnuts.

The CHAIRMAN: Or rather, laurels.

The WITNESS: The laurels, yes.

By Mr. Shaw:

Q. Well, in any event, here were the two parts of your duties set out in the Order in Council. Now where is your authority to negotiate with Sir William Petersen, and where is the authority that you had with regard to the preparation and delivery of this "frank statement of the Canadian case."—A. Well, I suppose I am quite justified in saying that I did not see the Order in Council for some considerable time. Mr. Low, when he called me to see him, told me that this Order in Council, a paper on his desk, either had passed or was passing. I did not read it, but generally speaking I thought my responsibilities were to try and solve the problems raised in the McMaster Report.

Q. Now you could realize that if the Order in Council represented the scope of your duties, certainly you would be acting outside the scope of them.—A. Certainly, my work would have been very much simplified.

Q. Now how did you come to prepare this "frank statement of the Canadian case?" Does that represent a conference between the Government and yourself?—A. No, I took the responsibility of preparing that.

Q. Well don't you see you would have to satisfy the people that you dealt with, as to your authority, by referring back to the Order in Council; that would be your first step?—A. Yes, I told them to communicate with the High Commissioner if they had any doubt about my responsibility.

Q. Now you gave them this "frank statement of the Canadian case" and they could see that that was outside the scope of your duties?—A. Looking at it that way, possibly; but they accepted it and we went on.

Q. Had that anything to do with the fact that you did not go directly to these people?—A. Oh none whatever. I should gladly have seen all of them.

Q. Why did you not go to them?—A. For the reason that I had been assured by those in whose judgment I had some confidence, that they would not break away from the Conference.

Q. But don't you think it is more desirable that the representative of the Canadian Government should go perfectly frankly and fairly to these representative shipping men and find out from them definitely and clearly what their attitude was, and not rely upon the reports of any person, no matter how reliable?—A. If I had it to do over again, I should go right straight to them and take their rebuff, whatever it might be. I wanted to avoid that if possible.

Q. You suggested in this "frank statement of the Canadian case" that the first of these two proposals is regarded as the more desirable. What was your authority for making that statement?—A. An opinion. My opinion.

Q. You are speaking here on behalf of the Canadian Government are you not?—A. Yes.

[Mr. William T. R. Preston.]

Q. Now does this statement represent in any way the considered attitude of the Canadian Government as indicated to you?—A. Not directly, No, No.

Q. And so, as I understand it, you simply presented to these gentlemen, those that you did present it to, your own views in the matter?—A. Well, I had reason to know that Government control was very much desired. That was my principle.

Q. Did you have any communications with the Minister responsible, or the Government, during your period in England?—A. Oh yes.

Q. And with the Minister of Trade and Commerce, I suppose?—A. With the Minister of Trade and Commerce, yes.

Q. And also during the negotiation with Sir William Petersen?—A. Yes, during the negotiation with Sir William Petersen.

Q. Are these communications with the Minister, public documents? You have no objection to their being produced, if the Government has none?—A. No, I have no objection to anything I have ever written being produced, in the public interest.

Q. Did you take any part in the negotiations between Mr. Low and Sir William Petersen?—A. None whatever. Perhaps it is better that you should know just exactly what took place. First, when I interviewed Sir William Petersen—I think I have something here that I gave him—I gave him a short memorandum—I may find it later—setting forth the desirability of the Government taking control of freight rates; that the agricultural and industrial life of the country would expand considerably, I thought, under reduced freight rates. It was very desirable that cattle rates should be put upon a more satisfactory basis; that emigrant rates should not exceed £6 or £8; that on something of that kind I thought the Government would be prepared to negotiate; and that the Government should control the rates in every case—and on that basis would enter into an arrangement, or negotiate rather.

Q. Now these subsequent negotiations, whatever they were, took place apparently between Sir William Petersen and the Government?—A. Oh, quite so.

Q. Or did they take place through you as an intermediary?—A. Do you mean over there?

Q. Yes, in England.—A. Over there, when Mr. Low came, I introduced the parties and then I left them. I suppose I am at liberty to say what Mr. Low told me? I don't think he will object.

Q. He will probably speak for himself.

MR. RINFRET: Mr. Chairman, are we not opening up new matter, the Petersen contract?

THE WITNESS: I don't think the Government would object to my statement.

By Mr. Shaw:

Q. The Petersen contract is in connection with this thing. So far as the Petersen contract is concerned, you had no part in that save the introduction of the parties.—A. No, except the knowledge that I had that something was going on.

Q. You would not know, for example, as a result of your own knowledge, the cost of the Petersen ships?—A. No, nothing of that kind at all. I would like to clear that matter right up by explaining that I have no recollection at the moment—In fact, I rather avoided it—of being present at any time when the Government were discussing with Sir William Petersen the details of the contract.

Q. And you would not know anything with regard to the speed of the service that could be given by Sir William Petersen?—A. Nothing at all.

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Q. Whether that would be speedier or less speedy than, for instance, the Canadian Government Merchant Marine?—A. No, I would have nothing to do with it whatever, Mr. Shaw.

By Sir Henry Drayton:

Q. Then, Mr. Preston, you were telling Mr. Shaw that you did not have these instructions directly. That is, instructions as to the independent steamships, which remedy you rather preferred. Did you get any instructions indirectly in connection with that to justify that stand?—A. Nothing, outside of—well, I think the remark was dropped when I was leaving, “try and solve the problem.”

Q. One time in your evidence, speaking to Mr. Shaw, you said something about some conversation with the Minister, as I recall it?—A. Yes.

Q. Did you have any conversation with the Minister?—A. Just before leaving.

Q. What was that?—A. He asked me—he said, “We are going to send you overseas to see about this steamship business; when can you go?” I said, “I think I can go to-morrow.” “Very well,” he said, “get ready.”

Q. What did he tell you as to what you were to do? Did he give you any instructions then outside the Order-in-Council? We want to see whether there was justification in instructions for this, or whether you were making a government policy over there.—A. Quite so, I appreciate the situation. In any event, I hope I was not making a government policy; that was none of my business, but the question had been an important one with very many people—with yourself, Sir Henry, and myself—and very often discussed, and I thought I was going over there to try and solve the problem.

Q. Did you discuss with the Minister at all these two separate solutions?—A. No, I did not.

Q. You did not discuss that at all?—A. No.

Q. Then, you were telling Mr. Shaw that you had correspondence. I suppose you would report in the ordinary way to the Minister?—A. Oh, I reported; I think I have an interim report here.

Q. I mean by letter, from time to time?—A. Yes, I wrote the Minister.

Q. Did the Minister write you?—A. Yes, the Minister wrote to me.

Q. Will you please produce those letters?—A. The letters were practically all confidential; not all, but pretty much all confidential.

Q. I do not know how we can have anything private and confidential involving the expenditure of \$1,300,000 annually of government money, and I think you said a moment ago that they were not private.—A. No, I did not.

Q. That you would produce anything you wrote?—A. I said I have no objection.

Q. So as far as you are concerned are any of these letters private and confidential?—A. They are all marked so.

Q. What is the idea of doing that? What is the new idea of carrying on government business as private and confidential?—A. So long as I can remember, it has been done, Sir Henry.

Q. Then have you those letters here now?—A. No, I have not.

SIR HENRY DRAYTON: Well, Mr. Chairman, I think we should have these letters produced. Perhaps Government Counsel will make a statement as to whether they will be produced or not.

MR. SYMINGTON, K.C.: I cannot make any statement. Whatever the Chairman or the committee direct me to do, I will do. I have never seen these letters but if I am asked to find out if the Minister will produce them, I will certainly do so.

SIR HENRY DRAYTON: I would think the government would be the last party to hold anything back in regard to this thing.

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Mr. SHAW: I do not see how a man writing "Confidential" on a letter makes it confidential, because in a public matter surely there cannot be any suggestion of that kind.

The CHAIRMAN: I would think that anything which passed between Mr. Preston and the Minister in charge of the matter is a proper subject for enquiry by this committee. As it is just possible that the Minister might have a different view, I will ask Mr. Preston to bring these letters; I will ask the Clerk to advise Mr. Low, so if there is any objection we may hear it before I actually order their production. That would seem to me to be the fair way to treat the situation.

Sir HENRY DRAYTON: I will let any further questions stand, then.

The CHAIRMAN: I perhaps thought the Minister should be consulted before any are produced, but I will ask the witness to look them up and have them here, and the Clerk has taken note of what I have requested.

Sir HENRY DRAYTON: Of course, I would point out—at least, it is supposed, although perhaps I should not make any definite statement, that this committee now is in charge of this question. It is a question for this committee, it is not a question for the Minister.

The CHAIRMAN: I quite realize that, Sir Henry, and I am not giving my opinion as to whether they should not be produced in spite of a violent objection which might be made by the Minister. I am not saying he will object, but in view of the situation it seems to me I should give him the opportunity of objecting, if there is any ground for objection.

Sir HENRY DRAYTON: Frankly, Mr. Chairman, it seems to me that if they are not produced the committee might just as well stop sitting. If we can only consider the evidence the government thinks we have a right to consider, we might as well stop sitting.

The CHAIRMAN: I have not so ruled, Sir Henry.

Sir HENRY DRAYTON: I will not say anything more to the witness in the meantime.

The CHAIRMAN: Has any other member a desire to question Mr. Preston?

Hon. Mr. STEVENS: Mr. Chairman, before we leave at six o'clock, Mr. Symington protested he had not these rates, but he has at last found them, or the Clerk has found them filed in proper order, the North Atlantic westbound rates. I want to suggest that inasmuch as Sir Henry Drayton's report is referred to, and in it is a very excellent schedule on the very point Mr. Preston sets out in his report, Mr. Scott, the accountant of the committee, together with Mr. Marlow or one of the accountants of the steamship companies, should take this westbound schedule and apply it to this statement made out by Sir Henry Drayton, on page 7, which covers 1910 and 1912. It is not a lengthy one; you can add to it or do anything you like, but let us have that comparison.

The CHAIRMAN: Brought up to date?

Hon. Mr. STEVENS: And it will completely fit into Mr. Preston's conclusions, over which there was so much controversy a moment ago.

The CHAIRMAN: A very reasonable suggestion, which I will be glad to order.

The witness retired.

The committee adjourned.

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
THURSDAY, May 14, 1925.

The Committee resumed at 8.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Counsel will pardon the fact that our legislative interfered with our judicial duties. What were we to do this evening? Were we to continue Mr. Preston's examination or have we somebody else present whom you wish to call?

Mr. SYMINGTON, K.C.: I have three or four here.

The CHAIRMAN: Whom are you going to hear first?

Mr. SYMINGTON, K.C.: Mr. Alexander; of the Dominion Organ Company.

The CHAIRMAN: Mr. Alexander came in response to a telegram which was dispatched pursuant to instructions given by Mr. Symington. I think we should have a formal motion.

It was moved by Sir Henry Drayton, seconded by Sir Eugene Fiset that Mr. J. W. Alexander be heard as a witness before this Committee.

JOHN WATSON ALEXANDER, called, sworn and examined.

By the Chairman:

Q. Where are you from?—A. Bowmanville, Ontario.

Q. Your full name is John Watson Alexander?—A. Yes, sir.

Q. Of Bowmanville, Ontario?—A. Yes, sir.

Q. Your occupation, sir?—A. President and General Manager of the Dominion Organ and Piano Company and President of the Piano and Organ Manufacturers Association of Canada.

Q. Now, Mr. Alexander, just repeat in a little more audible tone your business connection?—A. I am President and General Manager of the Dominion Organ and Piano Company of Bowmanville and President of the Piano and Organ Manufacturers Association of Canada.

Q. The Dominion Organ and Piano Company of Bowmanville?—A. Yes, sir, and President of the Piano and Organ Manufacturers Association of Canada.

Mr. MONTGOMERY, K.C.: It has quite a musical sound, the name of that company.

The WITNESS: I am President of the Dominion Organ and Piano Company of Bowmanville.

By Mr. Symington, K.C.:

Q. Now, Mr. Alexander, you wrote a letter, under date of November thirteenth, 1924, addressed to W. T. R. Preston?—A. Yes.

Q. Will you look at Exhibit 68, and see whether that is the letter you wrote? That is in Mr. Preston's report?

The CHAIRMAN: Found on page what?

Mr. MONTGOMERY, K.C.: Let us have the original.

Mr. SYMINGTON, K.C.: The letter he wrote to Mr. Preston. I was asking whether it was a copy.

Mr. MONTGOMERY, K.C.: I think if we are going to have letters we should have the originals here, Mr. Preston's letter and his reply.

Mr. SYMINGTON, K.C.: We have the letter here and the letter he wrote to Mr. Preston.

[Mr. John Watson Alexander.]

The CHAIRMAN: Have you got the original, Mr. Preston?

Mr. PRESTON: I have not.

The CHAIRMAN: Will you accept that carbon copy which Mr. Alexander shows?

Mr. MONTGOMERY, K.C.: Have you got the letter from Mr Preston?

The WITNESS: No, I am sorry I have not. He just asked for the particulars of our export business in England.

Mr. MONTGOMERY, K.C.: I will not be able to conclude this witness' examination without Mr. Preston's letter, and he will have to come back if he has not got it. We want to see what sort of an inquiry provoked this reply.

The WITNESS: It is a very, very short letter.

Mr. MONTGOMERY, K.C.: We will know better when we see it. Without imputing any motives to you, your viewpoint and ours might not be the same.

The CHAIRMAN: Has Mr. Preston got a carbon copy of the letter which he despatched to Mr. Alexander or to Mr. Alexander's Company?

Mr. PRESTON: I do not think I have, Mr. Chairman. It is simply a hand written letter. I think it was just a letter reminding him—

The CHAIRMAN: We will not proceed to the proof of what the letter was. If Mr. Montgomery wishes to press the point that the original should be produced we will have to ask for its production.

Mr. MONTGOMERY, K.C.: I think the opening sentence of it makes it doubly necessary.

The CHAIRMAN: Would that be on your files, in your office?

The WITNESS: Yes.

The CHAIRMAN: Would you mind despatching a telegram for it to-night.

The WITNESS: Yes, sir.

By Mr. Symington, K.C.:

Q. This is a copy of your letter, if you will just refer to the Preston Report? —A. Yes.

Q. Now, I notice by this letter that you referred to certain bills of lading, dated October twenty-first, 1924, to the effect that you were paying 30 cents a cubic foot, or \$12, a ton, of 40 cubic feet on organs or pianos going to Liverpool. Is that correct?—A. That is correct. The bill of lading is here.

Q. That is the rate you have been paying and are paying at the present time?—A. Yes.

Q. Then, in 1910, you say that you paid on similar instruments 6/9 per ton of 40 cubic feet, which is practically \$1.50 per ton of 40 cubic feet, as you will see by the bill of lading?—A. Yes.

Q. So that price of \$1.50 per ton, you were paying in 1910?—A. Yes. And in 1912, and for twelve years before. The bills of lading are here.

Q. That is during 1912, and fifteen years before that, the ocean rate on your commodities, organs and pianos, to Liverpool, was \$1.50 a ton?—A. \$1.64 at par, paying 6/9 at \$4.86, which is \$1.64.

Q. And the present rate is \$12?—A. \$12.

Q. Then you say in 1912 and 1913 you paid 12/6, plus five per cent per 40 cubic feet, which is practically \$3, per cubic foot?—A. Plus five per cent.

Q. That is, plus five per cent?—A. Yes.

Q. That is, it will be \$3.65?—A. Yes.

Q. That was the rate you paid in 1913?—A. Yes.

[Mr. John Watson Alexander.]

Q. And you have the bills of lading there to support that?—A. Yes.

Q. So that to-day you say you are paying \$12, which is 400 per cent over 1913 and seven hundred per cent over 1910?—A. That is correct.

Q. Then, you deal with rates to South Africa?—A. Yes.

Q. To-day you are paying to South Africa \$9.50 per ton?—A. Not to-day. We are paying a little more to-day. We were paying on December 17th, 1924, \$10.70 to South Africa.

By the Chairman:

Q. December of last year?—A. Yes, the bill of lading is here.

Q. That is, at the date you wrote this letter you were paying \$9.50 but in the middle of December it was increased to what?—A. \$10.70.

Q. And that haul to South Africa, you say, is 6,000 miles, at \$10.70, as opposed to 3,000 miles on the North Atlantic, at \$12?—A. Yes.

Q. Now, prior to the war, what was the extent of your business to Liverpool?—A. A carload a week, containing eighteen instruments; practically 800 to 1,000 organs a year, for many years.

Q. That is when the pre-war rates were on you would ship a car a week?—A. A car a week, containing 18 organs.

Q. What are you doing now?—A. Practically, nothing.

Q. Practically nothing?—A. No.

Q. Has the ocean rate anything to do with it?—A. A great deal. It is not only prohibitive—it has not only restricted the business but it is practically prohibitive.

Q. It has not only restricted but it is practically prohibitive to your business?—A. Yes.

Q. Now, is there anything else you want to say, Mr. Alexander, with reference to ocean rates?—A. Yes, sir.

Q. What is it?—A. There were other restrictions on this business that were never known before the war. They made a rule that no instrument must be exported under the rate of \$12 above the value of \$150. I fought that out with them for months, pointing out to them that if an instrument cost more than \$150 they were getting the benefit. It did not matter to them if an instrument cost \$1,000 or \$100, because an instrument costing \$150 would measure twice the number of cubic feet as an instrument costing \$75. They put that restriction on us, that we could not export a musical instrument of a value of \$150 at \$12 even. I don't know what they might ask on anything over that value; they might ask \$20, because we have paid \$20 to Liverpool.

Q. In recent years?—A. In 1920.

Q. You do not know what rate they will charge then for an instrument worth more than \$150?—A. I know now, if you will allow me to read a letter which I wrote to the Robert Reford people. I wrote them, and they brought it before the Conference, and then they wiped that out. The Robert Reford Company wrote to me on August 7th, 1924, as follows:—

“TORONTO, August 7th, 1924.

The Dominion Organ and Piano Co. Ltd.,
Bowmanville, Ont.

Dear Sirs,—Referring to our recent correspondence regarding rate on organs to United Kingdom ports.

We beg to advise this rate has now been fixed at 30 cents per cu. ft. eliminating the value.

We trust this will enable you to extend your business and shall be glad to hear from you in connection with any bookings you wish to make.

Yours truly,

THE ROBERT REFORD CO. LTD.”
[Mr. John Watson Alexander.]

Q. You wrote the Robert Reford Company when?—A. The first letter I wrote them in reference to that was on June 30th, 1924, and I got their decision on August 7th, 1924.

Q. It was referred to the Conference?—A. As their correspondence here will show.

Q. Is there anything else you wish to say?—A. Yes. I may say that Canada and the United States controlled the organ business of England in pre-war days. Now the United States seem by some means to get their instruments carried over for less than we are able to get ours carried. They may be able to get tramp steamers, or some other Lines outside the Conference, but we have not been able to do so, because tramp steamers do not carry general cargo, as is well known to all ocean shippers.

Q. Or they may be able to get non-Conference Lines to handle the traffic?—A. We are handicapped to that extent by the Americans. I sent some correspondence here, showing that the reason for the falling off in the organ business was that there was no doubt we had trebled our prices and that they were not being bought in England. But I have some statistics here to show that during the month of November, 1924, the United States exported the following: 417 pianos; 1,128 player pianos; 128 organs, and these figures make the total for the 11 months ending November 30th, 4,447 pianos, \$1,142,874; 10,150 players, \$3,197,000, and 1,313 organs at \$132,643. I maintain that at least one-half of those should have gone from Canada.

Q. You were able to compete?—A. We were able to compete.

Q. Before the war?—A. Before the war—easily.

Q. Is there any reason, from a manufacturing standpoint, why you cannot compete now?—A. I could if I had a reasonable freight rate. I can stand a 300 per cent increase, but a 700 per cent increase is outrageous.

Q. Is there anything else you want to say?—A. Nothing in particular.

By Mr. Montgomery, K.C.:

Q. Mr. Alexander, where did you get your information that the United States manufacturers are getting cheaper ocean rates than you are?—A. I got it from our customers in Glasgow.

Q. Do you know what lines or boats those were shipped by?—A. I don't know, but I suppose all the lines that are running out of the United States.

Q. We are getting a lot of useful information in this inquiry, Mr. Alexander, and shipping men tell me that they cannot tell what lines they are getting rates from?—A. Perhaps they control them all.

Q. I do not wish to argue the question with you, but we have it in evidence that the Conference rates are the same from American ports as from Canadian ports?—A. I have no evidence to that effect.

Q. You say you have no evidence to that effect?—A. No.

Q. Have you any evidence to the contrary, because we have evidence to that effect?—A. Then I will give way to you and say you are correct, because I have no evidence one way or the other. I know our Glasgow agents are able to import musical instruments from the United States at lower rates than we are. They have tramp steamers there carrying chilled cargo, and they do not carry chilled cargo from Canada.

Q. Is it your information that they have tramp steamers running from New York carrying general cargo?—A. Or to Liverpool; they can tranship from Liverpool.

Q. When you had finished paying your transshipment charges from Liverpool to Glasgow, where would your advantage be?—A. It could stand that easily, with lower rates from New York.

Q. Do you know what they are from New York?—A. No, but I do know what they are from Canada.

[Mr. John Watson Alexander.]

Q. But we are taking everything and meeting the difficulties you are under as contrasted with the American exporter. Have you any personal knowledge of the ocean and rail freight that it costs the American manufacturer?—A. None whatever. I know it does not cost as much normally by water from Liverpool to Glasgow. I have had them transhipped from there, but my memory cannot serve me now to tell you what it was.

Q. You have told us that you had certain bills of lading for the periods to which you refer?—A. Yes, sir.

Q. Will you exhibit them to me, please?—A. Here they are—(produces bills of lading). The dates are consecutive.

Q. Have you the invoices for the goods covered by the bills of lading?—A. No, sir, but I have the discount sheets here that apply to the invoices.

Q. They may do, perhaps, if you will show them to me until I see what they are.—A. There is the present discount. The list never alters, but the discount changes. There are the present prices, and the prices during pre-war days. The 75 and 10 was our discount, and it never exceeded 80 per cent for ten years before the war, while the present discount is 60 per cent off that list.

Q. When you are sending down the letter which you are asked to forward, will you send down the invoices corresponding to the bills of lading which you wish us to examine?—A. I will have great pleasure in doing that for you.

Q. I notice that a number of these bills of lading, without having checked them all, were for shipments from Portland?—A. That is the port we ship from in winter.

Q. That is your winter port?—A. Yes, sir. That is where the Canadian National Railways want to carry them.

Q. Are you able to tell us, from anything which you have in your possession, what the value of the organs was landed in England or Glasgow, or wherever they were to go?—A. You can see by that price list. There are so many styles and prices that it would be impossible for me to tell you without the list, but by taking 60 per cent off you will get the value of all the designs.

Q. We will get all that from the invoices, will we not?—A. Certainly.

Q. Then we will not take up any time with it.

The CHAIRMAN: Mr. Montgomery, will you ask the witness a general question? Taking the year 1913 and to-day, how do his prices compare; are they twice as much as they were then, or half as much again?

The WITNESS: The discount in 1913 was 75 per cent and 10 per cent, and to-day they are 60 per cent.

By Mr. Montgomery, K.C.:

Q. Were they 100 then and 200 now?—A. They are practically about double, hardly double. The freight on an organ costing \$75 is about \$25.

By the Chairman:

Q. To-day?—A. Yes, sir, to-day.

Q. As against what?—A. 60 feet as against \$4.50.

By Mr. Montgomery, K.C.:

Q. Where are these American organs made that are exported?—A. They are made in Boston, Baltimore, and several other places I can remember. We are not the only exporters of organs. There are three or four others who are right out of the market as well as ourselves.

Q. How would their prices compare with yours considering the styles, the work, and so forth?—A. I am not acquainted with the prices of my opposition, but I imagine they would be very near ours.

Q. Well, if you have this—what do you call your Conference that you are president of?—A. The Canadian Piano and Organ Manufacturers' Association.

[Mr. John Watson Alexander.]

Q. You must have a pretty good idea of what the prices of the other members of the Association are?—A. They do not divulge their prices. That Association is merely to combat this sort of thing.

Q. Well, all right, you have an Association to combat this sort of thing?—A. Yes.

Q. Then you must be fairly well familiar with the styles of your several organs as regards shipping space anyway?—A. Yes, quite familiar.

Q. Why I ask that question, Mr. Alexander, is that I have the actual amount paid for all the organs shipped by one line of steamships to the United Kingdom during 1924 and I do not find anything yielding anything like a \$20 rate or a \$25 rate. Was it \$25 or \$20 you said?

The CHAIRMAN: I think he said \$20. The witness has handed me a list of bills of lading, which he has produced, and the price paid per forty cubic feet, is it?

The WITNESS: Yes.

The CHAIRMAN: Which runs from \$1.64 in 1912 up as high as \$20 in 1920, and which is down in October to \$12.

By the Chairman:

Q. Do I understand that this statement, which you have handed me, Mr. Alexander, corresponds with the bundle of bills of lading?—A. Yes, each bill. They will be all found there.

The CHAIRMAN: It may save time to put this in. Are we putting this in, Mr. Symington or Mr. Montgomery?

Mr. SYMINGTON, K.C.: It may as well go in.

Mr. MONTGOMERY, K.C.: I do not care whether they are on the record or not. It is just that he has them here and he gets the invoices to correspond with them and then we can release them to him.

EXHIBIT No. 71

January 13, 1912, Liverpool, 6/9 per 40 cubic feet.. . . .	\$ 1 64
January 31, 1912, Liverpool, 6/9 per 40 cubic feet.. . . .	1 64
October 30, 1912, Liverpool, 12/6 plus 5% cubic feet.. . . .	3 00
	plus 5%
August 3, 1914, Liverpool, 10/6 per 40 cubic feet.. . . .	2 52
August 7, 1915, Liverpool, 40 S plus 5% cubic feet.. . . .	9 60
	plus 5%
December 19, 1919, Liverpool, 50 cents per cubic feet.. . . .	20 00
January 27, 1920, Liverpool, 50 cents per cubic feet.. . . .	20 00
May 19, 1920, Liverpool, 50 cents per cubic feet.. . . .	20 00
March 17, 1920, Liverpool, 50 cents per cubic feet.. . . .	20 00
June 3, 1920, Port Elizabeth, South Africa.. . . .	20 50
April 6, 1920, Liverpool, 50 cents per cubic feet.. . . .	20 00
March 8, 1922, Liverpool, 25 cents per cubic feet.. . . .	10 00
December 17, 1924, East London, South Africa.. . . .	10 70
August 12, 1924, Glasgow, Scot., 30 cents per cubic feet.. . . .	12 00
October 21, 1924, Liverpool, 30 cents per cubic feet.. . . .	12 00

By Mr. Montgomery, K.C.:

Q. You have a list of these?—A. I have copies of them.

Q. We can return them to you?—A. Yes.

By Mr. Duff:

Q. Is the freight based on values?—A. No sir, on measurements. They did limit the value to \$150.

Mr. DUFF: Why do you want the invoices?

[Mr. John Watson Alexander.]

By Mr. Montgomery, K.C.:

Q. Why I asked you the question about the measurements, Mr. Alexander, is that I have, as I say, a list of all the organs carried by one of the lines during the year 1924, and they run on an average of about forty to forty-seven cubic feet.—A. That is right.

Q. And the amount of freight earned is about \$14 an instrument.—A. \$12 for forty cubic feet. But the instrument costing \$75 will measure 75 to 85 cubic feet. The more expensive the instrument the larger they are.

Q. Perhaps we had better keep that until we get your invoices and we will know what classes of organs we are talking about. I would like to get your opinion, Mr. Alexander, as to the extent to which the development of gramophones has affected the market for organs here or in Glasgow.—A. In Great Britain the phonograph is not popular. And it is a well known fact that the miners of Great Britain are the greatest customers for organs. They are not content unless they have an organ for sacred music and a piano for secular music. Then as far as the phonograph is concerned, the Englishman and I think the Scotchman too, look upon it as "canned music" and it is not popular. I think you could enter a thousand houses and not find one phonograph, in a thousand houses all throughout the United Kingdom. They are not so crazy on phonographs as the Canadians and I am very glad they are not.

Q. You are obviously not a manufacturer of phonographs or gramophones?—A. I am. I make the best.

Q. Then you are not pressing that end of the business?—A. I could not sell them in Great Britain. I don't believe you can give them away there, and mine are superior to anything on the market. I have patents on them. I am sending one now as a sample to London, at the request of large exporters in Toronto, but I told them before I sent it that the Englishman, and the educated Englishman particularly, does not want to hear "canned music."

Q. Perhaps the miners are hard up now?—A. They are not generally hard up. They generally work three days in the week and enjoy the other three spending what they make the first three. That is a well known fact. Sir William Petersen will bear me out in that. I have lived too long among them not to know their habits.

Q. What about the radio? Couldn't they get both their secular and religious music over the radio?—A. They can get jazz and everything.

Q. But seriously, has not that affected the sale of organs?—A. No sir. It has not, not even in Canada. The radio is a passing fad. You cannot get what you want, and you are not to punish the musical education of a family by introducing radio and nothing else. You want your daughter and your son to be able to play some kind of musical instrument, and the radio will never teach them to do that.

Q. Well, Mr. Alexander, I think we will have to suspend your examination until we get the letter you are going to send us and also the invoices?—A. I will be glad to send you all those.

The CHAIRMAN: You do not want Mr. Alexander to stay?

Mr. MONTGOMERY, K.C.: No, I think I can get along without him.

The WITNESS: No, I have been here long enough; I have been here three days.

Mr. MONTGOMERY, K.C.: Surely not. If you will send us down the letter that will be sufficient.

The WITNESS: I will be glad to do that.

The CHAIRMAN: Then we will discharge Mr. Alexander with the thanks of the Committee for the interesting information he has given us.

[Mr. John Watson Alexander.]

Mr. DUFF: The best we have had.

Witness retired.

Mr. SYMINGTON, K.C.: I will call Mr. McLean.

WILLIAM JAMES McLEAN: Called and Sworn.

By the Chairman:

Q. What is your full name, Mr. McLean?—A. William James McLean.

Q. And your home, sir?—A. Toronto.

Q. And your business association?—A. Shipping clerk, Massey Harris.

By Mr. Symington, K.C.:

Q. Mr. McLean, for Sir Henry Drayton's benefit, who is the largest manufacturer of agricultural implements in the world?—A. In the world? Or under the British flag?

Sir HENRY DRAYTON: In the world, I always thought it was the International Harvester, and I think I am still right. In the world is what you said?

The WITNESS: Correct. The International Harvester.

Sir HENRY DRAYTON: Everybody knows that. Or at least everybody should.

Mr. SYMINGTON, K.C.: I thought they had broken up all those combines.

By Mr. Symington, K.C.:

Q. Do you export agricultural implements, Mr. McLean?—A. Largely.

Q. To what countries?—A. Every country that they grow grain in.

Q. Have you a schedule of rates, or what rate did you pay to the United Kingdom in 1914 or 1913?—A. I see it is listed on page 18 of the report here. The figures there are identical with what we paid at that time.

Q. That is page 18 of the Preston report?—A. Yes.

Q. And that shows that to London in 1910, you paid \$2.25.

The CHAIRMAN: For what?

The WITNESS: Per cubic ton, weight or measurement.

Mr. SYMINGTON, K.C.: Weight or measurement.

By the Chairman:

Q. Perhaps you would explain that term. I do not know what it means.—A. I should not have said cubic ton. All ocean rates are: "Weight or measurement, ship's option." They charge you on whatever they can get the most out of.

By Mr. Symington, K.C.:

Q. In 1912, \$2.90 per ton, weight or measurement?—A. Correct.

Q. In 1914, \$3.20?—A. Correct.

Q. In 1923, \$6?—A. Correct.

Q. In 1924, \$10?—A. Correct.

Q. That is the increase from pre-war 1914 is from \$3.20 per ton, weight or measurement to \$10 per ton, weight or measurement?—A. Correct.

Q. Now are the rates to the Continent more or less than the rates to the United Kingdom?—A. At the present time the United Kingdom rates are higher.

Q. Are the figures shown in page 18, to Hamburg and Antwerp correct?—A. Correct, yes.

Q. That is the rates to-day are—A. 1924.

Q. London \$10; Liverpool \$10; Havre \$6; Hamburg \$9; and Antwerp \$8?—A. Yes.

[Mr. John Watson Alexander.]

By the Chairman:

Q. Might I just interject there, Mr. McLean, those are for 1924. Is there any difference in 1925?—A. In some instances. In 1925 those rates are the same.

By Mr. Symington, K.C.:

Q. Now then, do you know anything about the rates to the Argentine?—A. We do.

Q. What are the rates there?—A. At the present time they are \$7 by freight steamers, and 10 per cent higher by passenger steamers.

Q. That is, you have a different rate?—A. That is to Buenos Aires only.

Q. You have a rate of \$7 on cargo steamers, and a rate of 10 per cent higher on passenger steamers, or a rate of \$7.70 per ton?—A. Correct.

Q. What is the distance, comparatively, between Canada and the Argentine and Canada and the United Kingdom?—A. I could not tell you in miles, but a steamer crossing the Atlantic will take probably from eight to ten or twelve days, and a steamer going down to the Argentine, a freight steamer, will take from 25 to 32 days, and a passenger steamer will go down in from 19 to 21 days.

Q. Take two of the same class, it is from eight to ten days, as opposed to 19 to 21 days?—A. Correct.

Q. And the rates are \$10 for the shorter distance, namely to the United Kingdom, and \$7 to \$7.70 to the Argentine?—A. Correct.

Q. What about South Africa?—A. South African rates—I do not know whether that rate should be made public, Mr. Chairman. All rates are not the same to South Africa, and while I have no objection to the Chairman knowing what they are, and what we pay, the rates are different for the various steamers operating.

Q. You need not say who operates them. Would that suit you; you need not say who quotes the rates, but could you give us the two rates without naming any lines?—A. To Cape Town, in 1924, the basic rate—which is Cape Town—was \$7.50 in one section and \$9.50 in another.

Q. \$9.50?—A. Yes. In 1925, that \$9.50 rate has gone up higher. I am not just sure, but I think it is up now to about \$11.50. There is a difference of \$4 a ton between the two of them, anyway.

Q. Do you know what the distance to South Africa is?—A. I do not. It is a 28-day trip from Montreal by the Elder-Dempster line, and I assume it is approximately the same from New York.

Q. 28 days?—A. It might be slightly longer.

Q. What about Australia?—A. The Australian rates, I think are special to the Agricultural trade, and I think they would be better not mentioned here, if I might have that privilege, Mr. Chairman.

The CHAIRMAN: Just why not, Mr. McLean? You see, what we are trying to do is to arrive at whether the rates as between one point and another are fair; at least, that is the object of the questions which are now being asked you. I think I will ask you to tell us that.

The WITNESS: Mr. Chairman, might I answer that question by saying that they are less than \$10?

The CHAIRMAN: That is about as good as saying it is as big as a piece of wood.

Sir HENRY DRAYTON: Mr. Chairman, there is a peculiar situation in Australia, arising out of market condition, which anyone who is at all familiar with the transportation knows about. There is a good deal in what the witness says. We are giving the companies a chance of being heard in camera, and I

[Mr. William James McLean.]

do not think we should get out any of this company's private business without giving them the same chance which we give to the transportation companies.

The CHAIRMAN: That is fair enough.

Mr. SYMINGTON, K.C.: I would suggest that you write the figure and give it to the Chairman.

Sir HENRY DRAYTON: No, the only way you can get that at all is by taking it up in camera, because if the figure is made known the other people have a right to examine on it.

By Mr. Symington, K.C.:

Q. In any event, I can fairly say it is below the rate to the United Kingdom?—A. Yes.

Q. And has there been any increase in that rate over a number of years?—A. That rate has held for three years, 1922-3-4.

Q. So from the figures you give us on all these countries, the North Atlantic is the shortest and highest rate; the shortest distance and the highest rate?—A. (not audible).

Q. And am I correct in looking at your figures and saying that the United Kingdom rate is nearly four times what it was in 1910?—A. Yes, that is correct.

Q. And over three times what it was in 1914?—A. Correct.

By the Chairman:

Q. May I ask this question, Mr. McLean. Is the volume to South Africa or Australia or the Argentine greater or less than the volume of shipments to the United Kingdom?—A. Australia is greater; Argentine is greater; South Africa is probably less.

Q. Is there such difference between the volume of the exports to these different countries to warrant a substantial difference in the cost of freight?—A. I rather think that is a question I could not answer very well, Mr. Chairman.

Q. Might I put it this way. Are all the shipments of substantial volume?

Sir HENRY DRAYTON: What is that?

The CHAIRMAN: He can tell me.

Sir HENRY DRAYTON: I do not know what is a substantial volume.

The CHAIRMAN: He will tell us.

Sir EUGENE Fiset: A full cargo.

The CHAIRMAN: No, I would not say a full cargo.

Sir HENRY DRAYTON: That is what one member of the committee thinks it is. You are asking the witness to give us what a substantial volume is.

By the Chairman:

Q. You might give us in round figures what your export shipments would be to these three or four different countries.

Mr. SYMINGTON, K.C.: What I think you are trying to get at is, is there any great difference in the amounts shipped to these various countries.

The WITNESS: I have not the figures before me, but I can give you some figures which may be helpful. Take the United Kingdom trade; it varies from 2,000 tons a year to 8,000 to 10,000. The Argentine is beginning to grow a little, and it varies from 2,000 tons to 15,000 tons a year. The South African trade varies very greatly; it has been as low as less than 1,000 tons and it has been up to 3,000 to 4,000 tons, spread over the year.

[Mr. William James McLean.]

By Mr. Symington, K.C.:

Q. And the Continental?—A. The Continental, as I said, varied—did you say the Continental?

Q. Yes?—A. The Continental. I can hardly make a guess at that; it will run probably all the Continental ports will run anywhere from 10,000 to 20,000 tons a year.

By Mr. Johnston:

Q. What about Australia?—A. Australia varies very greatly. It has been as low as 7,000 tons and it has been as high as 30,000 tons.

By Mr. Symington, K.C.:

Q. In connection with the United Kingdom or Continental rate, then, what is the result, in your judgment, of these rates, insofar as your competition is concerned?—A. That is a very hard question for me to answer. Mr. Chairman, in connection with my particular end of the work, which is shipping. I do not know that I can give a clear answer to that. I am not in a position to say whether it affects the sales or not.

By the Chairman:

Q. I suppose the general theory would be that the cheaper you can get your goods to market the more advantageous is the seller's position?—A. That is the theory of the proposition.

By Mr. Symington, K.C.:

Q. What I was directing my question to, you can tell me if I am wrong—are there manufacturers of agricultural implements in Great Britain?—A. There are.

Q. Are there manufacturers on the Continent?—A. There are, quite a number of them, and there are manufacturers in Australia as well.

By Mr. Johnston:

Q. Do they manufacture the same line of machinery as you ship there?—A. They do.

By Mr Duff:

Q. The volume does not affect the freight rate, does it?—A. I could not tell you that. That is something the steamship people would have to answer.

By Mr. Symington, K.C.:

Q. Now, Mr. McLean, I notice that by Exhibit No. 11, page 33, under date February 4th, 1924, you had the honour—the only case I can find—of addressing the North Atlantic Conference. Is that right?—That is correct.

Q. I find this entry—

Mr. SHAW: What was the date?

Mr. SYMINGTON, K.C.: February 4th, 1924, in Montreal, where the Conference met on that occasion, instead of New York.

By Mr. Symington, K.C.:

Q. The entry is as follows:

“Agricultural Implements—Request having been received from Mr. McLean representing Massey-Harris & Co., manufacturers of Agricultural Implements to address the meeting, he was invited to attend and spoke at some length with regard to rates of ocean freight and general conditions of their export business to the United Kingdom. Mr. McLean then withdrew.”

[Mr. William James McLean.]

Will you kindly tell the committee how that took place, and what happened?—A. We heard that there was to be a meeting of this Conference, and having earlier asked for consideration of the United Kingdom rates, I went down there. I was told that it was not possible to be heard, but having some good friends—

By Mr. Halbert:

Q. They were not all deaf?—A. Apparently not. I was given an opportunity of presenting our case, and did so. The results, however, were not as much as we had anticipated.

By Mr. Symington, K.C.:

Q. What were the results?—A. We got a letter a little later saying the matter had been considered and that the rates would stand.

Q. I understand they tell you you are the only person who ever got in? Is that right?—A. That is what they tell me. I do not know whether it is right or not.

The CHAIRMAN: Apparently getting in does not mean very much.

Mr. MONTGOMERY, K.C.: Mr. Marlow says that is quite correct.

Mr. SYMINGTON, K.C.: The witness answered the question, and said that he was told. It may not be so.

Mr. MONTGOMERY, K.C.: But that suggestion is intended to be given some weight, or it would not be made. If it is not correct it should not be made.

Mr. SYMINGTON, K.C.: If you can show me any other cases in the minutes—

Mr. DUFF: Was he in or out?

Mr. SYMINGTON, K.C.: He was in for a minute.

Mr. MONTGOMERY, K.C.: I am told that that same afternoon, for instance, the Conference met a committee of the packers.

By the Chairman:

Q. Let me just ask this question. Mr. McLean, from whom did you hear that you were in a somewhat privileged position in being allowed to address the Conference? Was it from steamship people or others?—A. Steamship people.

Mr. SYMINGTON, K.C.: There is no record in this February 4th meeting of anybody there but Mr. McLean. There may have been, but there is no record of it.

Mr. MONTGOMERY, K.C.: Mr. Marlow is here, and he gave me that information.

Mr. SHAW: I understood Mr. Marlow to say in his evidence that sometimes representatives met a committee of the Conference, so it may be that this gentleman met the Conference.

Mr. MONTGOMERY, K.C.: That may be it.

Mr. SYMINGTON, K.C.: That is just what Mr. Marlow told me, but this gentleman met the Conference.

The WITNESS: That is what was told me, I do not know. There were some 50 or 60 there, but I do not know whether that comprises the Conference or not.

By Mr. Duff:

Q. You are still alive?—A. I got out fine.

By Mr. Symington, K.C.:

Q. With respect to the next question, I am going to ask that the names of the steamship lines be not told. Now, are you able to ship out of American ports at a lower rate?

[Mr. William James McLean.]

Mr. MONTGOMERY, K.C.: I do not know that we can undertake that.

Mr. SYMINGTON, K.C.: He is on his oath, and he is going to give the rate.

Mr. MONTGOMERY, K.C.: I am not reflecting at all upon his oath, but there are so many different factors to these things that we could not allow evidence of that sort to go in unless we could check it in some way.

Sir HENRY DRAYTON: We have already stopped the examination into one line of questions because it would hurt the business. Why not let this be taken up in camera also?

The CHAIRMAN: We will hear that aspect of the case in camera. I think that would be the fairest.

By Mr. Symington, K.C.:

Q. I will get it this way, then. You can ship out of United States ports at a lower rate than out of Canadian ports?

Discussion followed.

Sir HENRY DRAYTON: Let us go into camera now.

Mr. SYMINGTON, K.C.: Yes, let us go into camera now and finish it up. It will not take more than a minute or two.

The CHAIRMAN: We will have to have the room cleared, and everybody retire excepting the members of the Committee, Counsel, and, of course, the witness.

Whereupon the Committee went into executive session and its deliberations proceeded in camera.

The Committee having resumed its sitting in public.

By Mr. Symington, K.C.:

Q. Now, Mr. Caldwell, I notice on page 20 of Mr. Preston's report, you wrote a letter on July 3rd, 1924?—A. Yes.

Q. Have you a copy of that letter?—A. No, I have not.

Q. What is the rate upon canned goods from California to the United Kingdom?—A. The rate from California at the present time, to the United Kingdom, is 60 cents a hundred pounds, strapped.

Q. 60 cents strapped?—A. Yes, sir.

Q. And I suppose you do compete with the California canned goods?—A. Well that is one of the main competitors.

Q. The main competitors are, the eastern American competition and the California competition?—A. Yes.

Q. And the California shipper gets a rate from the Pacific Coast of 60 cents strapped?—A. Yes.

Q. That being a haul, Mr. Caldwell, of approximately 5,000 miles through the Canal, if it goes across the Atlantic.—A. That is what I figure approximately.

Q. Now I understand that you think your rate was too high compared to the provision rate, that is bacon and so on?—A. Well, we do, considering the element of risk that enters into packing house products. In our goods, the primary reason for packing or canning goods is to preserve the goods to enable transportation and marketing the whole year round. Now our goods are not of the same perishable nature as the packing house products and we think we should have a slightly lower rate than the packing house rate.

Q. Theirs I think is fifty and yours is sixty strapped?—A. No, ours is sixty unstrapped.

Q. And fifty strapped?—A. Yes.

Q. How do canned goods stow? Do they stow well in a boat?—A. Well, we have always heard that remarked, that they are desirable freight; that is, that it is desirable freight to stow.

Q. On the basis my friend asked you about, you said the freight was fifteen per cent of the value. That is the value at the factory, not on the other side?

—A. Yes, fifteen per cent of the value of the goods.

Q. What is it for laid down?—A. I was taking the newspaper report of one of the representatives and he said it was 2.2.

Q. As opposed to 15?

Mr. MONTGOMERY, K.C.: Are you not comparing a laid down price with a factory price?

Mr. SYMINGTON, K.C.: It would be less if it took 2.2.

Mr. MONTGOMERY, K.C.: No, the contrary.

Mr. SYMINGTON, K.C.: I think you gave us the figure of three something in the evidence.

Mr. MONTGOMERY, K.C.: Yes, and it would be very interesting to see what the fifteen came down to when you get the laid down price on the other side.

The CHAIRMAN: They add the freight to it anyway.

By Mr. Symington, K.C.:

Q. Is there anything else you want to say, Mr. Caldwell?—A. No. The reason I appeared before this Committee, no doubt is the letter I wrote regarding the fresh apple rate being 90 cents a barrel, and considering the fact that a barrel of apples is between seven and eight cubic feet, that is my understanding, as against two cases of apples weighing 2.66 per 100 pounds, figuring on a cubic foot basis, we were paying fifty per cent higher rates.

Q. Than the raw apples?—A. Than the fresh apple.

Q. That is, you think the differential hurts your manufactured goods?—A. Well considering the fact that the two lines are competitive, there ought to be some kind of an equal basis established.

By Mr. Montgomery, K.C.:

Q. That is, fresh apples against the other?—A. Yes.

By Mr. Flintoft.

Q. You have had the same thing up before the Railway Commission, have you not, Mr. Caldwell?—A. No, that was another question.

Q. Were you not seeking the same rate on canned apples as raw apples or a relative rate?—A. No, the question that was before the Board was dealing with apples going into canning factories for canning and reshipping in crates as against in bulk and carloads.

Q. But you were using the same argument there that you do here?—A. No sir.

The CHAIRMAN: Some question arose as to the relative distance between Niagara Falls, Ontario, to Montreal, and Niagara Falls, New York, to New York City. One of the clerks has taken the Canadian National Railway timetable and on his calculation the distance from Niagara Falls, Ontario, to Montreal is 416.26 miles. Niagara Falls, New York, to New York, 447.60 miles. Which is just about the 30 miles difference that Mr. Caldwell spoke of.

The WITNESS: Might I ask, Mr. Chairman, what line was that figured over, was that the Short Line from Niagara Falls to New York, or the Lehigh?

The CHAIRMAN: The clerk will look that up and answer that question. Anyway, on the face of it, Mr. Caldwell was not far wrong.

Mr. SYMINGTON, K.C.: Any questions?

Mr. MONTGOMERY, K.C.: No.

Mr. SYMINGTON, K.C.: That is all then, Mr. Caldwell.

Mr. MONTGOMERY, K.C.: Excuse me just a second.

By Mr. Flintoft:

Q. Mr. Caldwell, in connection with the laid down price of canned goods in the United Kingdom, my information is that it is approximately 200/- per cwt. of 112 pounds. Have you any idea as to whether that is approximately correct or not?—A. Including the cost of the goods?

Q. Oh yes, the laid down price of the goods including everything.—A. What class are you referring to?

Q. Canned goods, anyway.—A. That covers an awful range.

Q. Take your own, because yours are about as high as any, are they not? We will take apples. They are about as high as any canned goods that go over there?

The CHAIRMAN: Surely pears and peaches are worth more.

The WITNESS: That is as the Chairman says, the fruits with a heavy syrup or a syrup of any kind, with the sugar, are much more valuable.

By Mr. Flintoft:

Q. I am willing to take this price for them all. You say they are as high as any. This is the figure I got for your product, and I want to know whether it is approximately right or not.

The CHAIRMAN: Do I understand you to say apples are as high in price as any other products?

The WITNESS: No.

By Mr. Flintoft:

Q. Take the peaches, then.—A. The apples I referred to were \$3.30 per two cases, at the factory.

Q. What price do you get for them in England?—A. Add forty cents for inland rate, and you can add your fifty cents plus the cost of scrapping, which really figures out to about ten cents, or about sixty cents altogether.

Q. Which is really a dollar in addition?—A. Yes, \$4.30.

By Mr. Symington, K.C.:

Q. For how many?—A. Two cases, one dozen.

By Mr. Flintoft:

Q. Two cases of one dozen each?—A. There are only six cans to the case.

Q. Weighing how much?—A. One hundred pounds to the two cases.

By Mr. Montgomery, K.C.:

Q. There are other amounts to add besides that, are there not? Agents' commission and insurance?—A. Yes, the insurance. You know, that does not cut a terribly big figure, the insurance.

Q. Can you not get your laid down price?—A. Yes, I can get it.

Mr. SYMINGTON, K.C.: Get it and send it down to us.

By Mr. Flintoft:

Q. I suppose it would run around \$5 would it?—A. Oh no, it would be lower than that.

Q. It would?—A. Yes sir.

Mr. FLINTOFT: This witness will send the laid down prices.

Mr. MONTGOMERY, K.C.: Yes. Now, I want to make an application as to another witness.

The CHAIRMAN: We are not going to keep this witness, then; he is going to send this information down. I will discharge him and thank him for the interesting information he has given the committee.

The witness retired.

Mr. MONTGOMERY, K.C.: With your consent, Mr. Chairman, and that of my learned friend, I would like to ask Mr. Middleton one or two questions. He is leaving for the other side to-morrow. I just happened to find out accidentally that his lines carry butter from New Zealand and also from Vancouver, and I thought it might be interesting to get perhaps more accurate information than we have been able to get so far. I was not aware of that before. He was not at the sitting at which we discussed these things, and did not know they had been discussed.

JOHN ROBERT MIDDLETON recalled.

By Mr. Montgomery, K.C.:

Q. Mr. Middleton, I understand the lines of which you have spoken carry butter from New Zealand and also from Vancouver via the Panama?—A. Yes, we have a regular service from each place.

Q. Will you please tell us a bit about it. Tell us first about New Zealand and afterwards about Vancouver.—A. I understand in regard to our steamers from New Zealand that the butter associations contract for the whole of the space available for butter, and they agree to pay for that space whether they occupy it or not. Naturally, having undertaken to pay for the space, they take the fullest advantage of it and it is very rarely that there is much vacant space at all on the steamers from New Zealand.

Q. Now, what about Vancouver?—A. On the Pacific Coast we introduced a service about three or four years ago with some special types of ships which we built for that trade.

Q. And that was put in specially, under an arrangement with the people there?—A. These steamers were fitted specially with cooled-air space, which at that time was something new. The butter people on the other side approached us in regard to a rate. It was arranged between the butter shippers and our people on the other side that if they would take advantage of the cooled-air space which the steamers had, we would give them the same rate as we were charging butter shippers out of Montreal. They agreed to do that, and they lived up to their promise. They did not take the fullest advantage of that space, seeing it was only a promise on their part, and they did not have to pay for any unoccupied space, but from the information given to me they have, during the last three years, occupied about 80 per cent of the space provided.

By Sir Eugene Fiset:

Q. At \$1.50?—A. \$1.50.

By Mr. McKay:

Q. Have you had that contract for a number of years?—A. We have no contract at all; the cargo is booked probably a fortnight or three weeks ahead.

By Mr. Symington, K.C.:

Q. Mr. Middleton, how long does it take your steamers to make a round voyage to New Zealand?—A. I think about ten to eleven weeks, sometimes longer.

Q. Ten to eleven weeks?—A. Yes.

Q. I have just sent for the Imperial Shipping Committee report on the New Zealand investigation, where they show that the average is over six months.—A.

[Mr. John R. Middleton.]

That may be. Sometimes steamers call at three or four ports in New Zealand, and they are delayed there quite a long time. It is quite a usual thing.

Q. Do you tell us your steamers get their loads at one port?—A. No, they do not all load at one time, but the average time for a voyage to New Zealand would not be more than, at the outside, I should say, twelve weeks or three months.

By Hon. Mr. Sinclair:

Q. Is that the round trip?—A. Yes.

By the Chairman:

Q. What lines are you speaking of?—A. I am speaking of the Houlder Line interests.

By Mr. Symington, K.C.:

Q. I think that is mentioned in this report.—A. There is one point in connection with that trade which I might explain. That is, that the steamers are often delayed a great deal in unloading, when they get to the home country. They carry a great deal of frozen meat, as you know, and they are probably held up in Continental ports and British ports as well in getting rid of their cargoes.

Q. According to the finding of the Committee, the steamers running to New Zealand made an average of 1.6 trips a year?—A. It may be so, in taking the average they have probably searched more deeply than I have. I am giving the information as I have it. I have not seen the voyage accounts for some time, and my recollection is that they take about ten to eleven to twelve weeks.

Q. That includes loading and discharging?—A. Yes.

Q. The report says that the difficulty is that the boats have to call at a very large number of ports in order to get this butter and other produce; that they have so many different marks, sorting it, and so on, that it is a very long and expensive business.—A. That is so, too, in that particular trade.

Q. And the same thing in unloading?—A. That is so. It is peculiar to that particular trade.

Q. Yes. I read from page 677 of the report of the Imperial Shipping Committee, 1922, volume 8, and the actual figures supplied to the Committee give, for two companies, an average of 1.6 voyages per annum only; 1.8 for five passenger steamers. Is yours a passenger steamer?—A. No, they do not carry passengers.

Q. "1.8 trips a year for five passenger steamers; and for a third company an average of 222 days for the round voyage of ten steamers." Your boats seem to be much luckier or much faster than the others.—A. I am not going to quarrel for a minute with any evidence given before the Imperial Shipping Committee.

Mr. MONTGOMERY, K.C.: That is not the Imperial Shipping Committee.

Mr. SYMINGTON, K.C.: Yes, it is. It reads, "Report of the Imperial Shipping Committee on Rates of Freight in the New Zealand Trade."

By Mr. Symington, K.C.:

Q. "In the case of a fourth company, two direct voyages to New Zealand and back took 185 and 202 days respectively."—A. I suppose they are not picking out special voyages, but taking the average of the steamers to that part of the world.

Q. The finding of the Commission—will you see if you agree with this:—

"It will have been observed from the particulars given in paragraph 13 that the unusually prolonged round voyage in the New Zealand trade intensifies the disadvantage at which that trade is placed as compared with the Plate trade. We have accordingly made careful

[Mr. John R. Middleton.]

enquiries into the general conditions of the New Zealand trade, and have obtained statements from the shipping companies concerned, copies of which are annexed, (Appendix IV). From these statements it appears clear that the prolongation of the voyage is largely due to the practice of collecting the cargo of the same ship at many different and widely distant ports, and to the multiplicity of parcels and of marks, sub-marks, and grades, the sorting of which on discharge involves loss of time and extra labour. Undoubtedly the earning capacity of the ship would be considerably increased or in other words the cost of transport would be reduced if some practical steps could be taken to simplify these practices. With this object in view the shipping companies and the shippers might advantageously co-operate."

Sir HENRY DRAYTON: What does the appendix show as to this line?

Mr. SYMINGTON, K.C.: I will just turn it up.

Sir HENRY DRAYTON: That would give the exact facts.

Mr. SYMINGTON, K.C.: There are certain steamers given here. "In New Zealand, 41 days; arrival in London until discharge, 30 days." Those are the loading and discharging days.

Sir HENRY DRAYTON: It said there was an appendix giving the names of the companies.

Mr. SYMINGTON, K.C.: Yes. It is called Shaw, Savill & Albion Company, Limited. I think they are agents of various steamship lines, are they not?

The WITNESS: Yes, they are agents, Mr. Symington.

Mr. SYMINGTON, K.C.: It says:

"The difficulties which have to be contended with and which cause much direct and indirect expense to the shipowner are chiefly the following:

- (a) The numerous freezing works whose output has to be lifted and and the number of ports which have to be visited.
- (b) The multiplicity of bills of lading required by shippers from each freezing work, the multiplicity of separate marks on most of the bills of lading, the number of consignees and the splitting up of the deliveries by the consignees.
- (c) The inadequacy at times of the storage accommodation here, leading to excessive delays in discharge.
- (d) The go-slow policy here and in New Zealand of the workmen.

In regard to (a) there are 39 freezing companies or works in New Zealand, each with a separate output. There are 18 ports, each of which the steamers are required to visit to lift the meat at least once a month during the season. Many of the works have limited storage accommodation and all desire the promptest clearance of their prepared output. These works occur from Whangarei at nearly the extreme north of New Zealand to the works at the Bluff in the extreme south, most are situated on the east coast but some are on the west."

I am trying to find these voyage days.

The WITNESS: Mr. Symington, I think you can take it that the information collected by the Imperial Shipping Committee would be as accurate as it would be possible to get. I am speaking from memory, of course, a long way from my actual records.

Q. You accept what is in here?—A. Absolutely. I accept that.

By Mr. Montgomery, K.C.:

Q. I understand you do not recollect what the rate is from New Zealand, the butter rate?—A. No, I am not familiar with rates, not from New Zealand.

By the Chairman:

Q. Now, Mr. Middleton, without being familiar with the rate, do you think it is reasonable, in view of all these difficulties which have been set forth in this report, plus the distance of New Zealand from Great Britain—do you think the rate, which I am informed is approximately the same, is fair to Montreal?—A. The only way I can answer that is this. Is the total freight earned by a steamer on a round voyage to New Zealand sufficient to leave a margin of profit to the owner after paying expenses? Compare that with the total freight of a steamer coming from the U.K. to Montreal, and back home again. Compare your total earnings with expenses, and see if there is any margin left. The actual rates of freight are not to my mind, of very great importance unless you take the total earnings of the ship and the total expenses of the ship. There must be some margin left to the owner, otherwise it does not pay him to carry on his trade.

Q. That does not answer my question.

Mr. MONTGOMERY, K.C.: It is the only answer he can give, that I can see, sir.

By the Chairman:

Q. If you do not mind, it does not answer my question as to what your opinion is as to the comparison of the butter rate between Montreal and the U.K., and New Zealand and the U.K., which are practically the same. May I make my point clearer? Many of the farms of the Eastern Townships you can see on the hillsides from the top of Mount Royal. They are only three or four hours away, by fast freight, from Montreal. Montreal is the head of ocean navigation. Does it seem fair that it should cost the farmer who has produced a ton of butter within—

Hon. Mr. SINCLAIR: A stone's throw.

The CHAIRMAN: —60 miles of Montreal, as much to send that to Liverpool as it costs a farmer in New Zealand? On the face of it, it does not seem fair.

The WITNESS: On the face of it, Mr. Chairman, it does not seem fair, but if you reduce the freight upon one commodity carried on a ship, you must in fairness to the owner, put up the rate on other classes of goods to enable him to pay his expenses. Somebody must pay the cost of that transportation service somewhere. It certainly may be a hardship on the man producing butter so near a port to have to pay such a high rate, but if he does not, somebody else must.

By Mr. Kennedy, (Glengarry):

Q. In other words, you mean the butter shippers out of Montreal must pay a higher rate than the grain people?—A. I would not say that, because that would be making a comparison, which I do not want to make. It may be that the grain people are not paying a sufficient amount.

By Mr. Symington, K.C.:

Mr. Middleton, will you tell us whether you, as an accountant of this line, have figured how much per cubic foot you plan to get to pay the expenses of a round voyage?—A. I am afraid you have got me on that question, Mr. Symington. That is a question of detail, which I am afraid I cannot answer.

Q. Without going into details would you figure on 10 cents or 15 cents or 20 cents?—A. I can tell you how much it should make per voyage in her gross freight. I cannot tell you how much per cubic foot.

[Mr. John R. Middleton.]

Q. How much per voyage should she make in gross freight?—A. I should say a ship going from England to Montreal and back to England should earn at least a gross freight of £10,000.

Q. You have not figured it up per ton or per cubic foot?—A. I have not. That is for a 6,500-ton vessel.

By the Chairman:

Q. Dead weight?—A. Yes.

Q. She should earn that?—A. She should earn that to cover her expenses, provide for her liabilities, and pay for her surveys. I do not mean her surveys for that particular voyage, but that ship must be kept seaworthy and must be periodically surveyed,—to “maintain the line” would be a better way to put it.

By Mr. Symington, K.C.:

Q. You were speaking of depreciation and so on and so forth?—A. Yes.

By Mr. Montgomery, K.C.:

Q. That is, your fast cargo boats?—A. Our best boats operating.

By Hon. Mr. Sinclair:

Q. Does that figure on a 100 per cent cargo?—A. Whether the ship is empty or full does not matter, as long as we get £10,000 per round voyage.

By Mr. Rinfret:

Q. Would that give a profit?—A. That would give a margin sufficient to insure the ship-owner a return on his money and enable him to maintain his line.

By the Chairman:

Q. What does the ship-owner calculate he should get on his money?—A. We calculate we should get at least four per cent for depreciation, which is the lowest rate I have ever heard mentioned, and at least five per cent on the capital employed. That is a total of nine per cent on the original cost of the ship, per annum.

By Mr. Symington, K.C.:

Q. Supposing you take a ship built at the time of the war which is five times the cost of to-day. Would not four per cent depreciation mean, in fact, a 20 per cent depreciation?—A. We have a steamer operating in the North Atlantic trade, which does not come to Canada, but she comes very near. She is 30 years of age, so she would have no depreciation. Two years ago we had to spend £27,000 over that ship to keep her seaworthy. She will not run more than two years on that expense of £27,000. We are building a new ship to take her place. This new ship is being built in England at a loss to the shipbuilders of £20,000 to provide employment. When we get her she will stand us very nearly £300,000, which we are actually putting into this trade, and if the new ship will not earn as much—or only earn as much, I should say, as the old ship is now earning, it will only show two per cent upon her present cost value.

Q. Of course, you building ships to provide for unemployment has very little to do with the question of freight rates?—A. I say the shipbuilders took the contract for the building of a ship at a price to provide employment.

Q. But that would be more than included in the £10,000 you spoke of here?—A. That ship is a passenger boat, Mr. Symington, and will earn more than £10,000. I was giving that as an example of what we have to face in the ordinary way.

Mr. MONTGOMERY, K.C.: And that would vary according to the type of the boat, the speed and so on.

[Mr. John R. Middleton.]

The CHAIRMAN: Any more questions to ask this witness?

By the Chairman:

Q. I understand you have to leave for the Old Country?—A. Yes, I have to leave to-morrow.

The CHAIRMAN: We wish you a very pleasant voyage and thank you for the information you have given us.

The WITNESS: Thank you.

The witness retired.

Sir HENRY DRAYTON: Before we adjourn, is there any news as to these letters? What is the attitude as to the production of the letters?

Hon. Mr. SINCLAIR: It will be announced on Monday.

Sir HENRY DRAYTON: It is still under consideration?

Hon. Mr. SINCLAIR: No, not under consideration.

The CHAIRMAN: The letter has not been written to Mr. Low as yet.

If there is no further business, I will declare the session over and we will meet again on Monday evening, at 8.30.

The Committee adjourned until Monday, May 18th, 1925, at 8.30 p.m.

Special Committee appointed to consider the
Resolution
to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 17—Monday, May 18, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Captain Richard Hocken, Master of S.S. *Rio Dorado*, Southampton, England
Alexander MacIntosh, Chief Engineer of S.S. *Rio Dorado*, Glasgow, Scotland

EXHIBITS

- No. 72—Comparison of duty and ocean freight charges with certain articles
(Printed as appendix)
No. 73—Abstract of log of S.S. *Rio Dorado*, filed by Captain Richard Hocken. (Read into evidence)
No. 74—Crew list of S.S. *Rio Dorado*, filed by Captain Richard Hocken. (Read into evidence)
No. 75—Charter party of S.S. *Rio Dorado*, filed by Captain Richard Hocken. (Read into evidence)
No. 76—Abstract of Chief Engineer's Log of S.S. *Rio Dorado*, filed by Mr. Alexander MacIntosh. (Read into evidence)

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

MONDAY, May 18, 1925.

The Committee met at 8.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—15. (All members present.)

On motion of Mr. Duff, seconded by Hon. Mr. Stevens,

Agreed, That the Chairman make a report to the House recommending that a printed copy of the evidence taken by this Committee be sent to each Senator and Member of the House from time to time as it is received from the printer.

On motion of Mr. McKay, seconded by Mr. Shaw,

Agreed, That Mr. S. B. Brown, Traffic Department, Canadian Manufacturers' Association, Toronto, be summoned to appear as a witness before this Committee, bringing with him and producing all complaints and other correspondence including any questionnaires sent out and answers thereto received during the years 1923, 1924 and 1925, concerning ocean rates, and all schedules of rates prepared by him dealing with ocean rates; and that Walker Clemis, U.F.O. Co-operative offices, Toronto, be summoned as a witness.

On motion of Sir Eugene Fiset, seconded by Mr. Stork,

Agreed, That Messieurs John Bradley, Bradley Lumber Company, 36 Jarvis Street, Hamilton, Ont., and R. J. Graham, Belleville, Ont., be heard as witnesses before this Committee.

Exhibit No. 72, "Comparison of duty and ocean freight charges with value of certain articles." (Printed as appendix to proceedings.)

On motion of Mr. Duff, seconded by Mr. McKay,

Agreed, That Captain Richard Hocken, Master, and Mr. Alexander MacIntosh, Chief Engineer, respectively, of S.S. "Rio Dorado," be heard as witnesses by this Committee.

Captain Richard Hocken, Master of S.S. "Rio Dorado," Southampton, England, who was in attendance, was called, sworn, examined and retired.

During the course of his examination Captain Hocken filed Exhibit No. 73, "Abstract of log of S.S. "Rio Dorado" which was read into evidence; Exhibit No. 74, "List of crew of S.S. "Rio Dorado" which was read into evidence; Exhibit No. 75, Charter party of S.S. "Rio Dorado" on present voyage, which was read into evidence.

Mr. Alexander MacIntosh, Chief Engineer S.S. "Rio Dorado," Glasgow, Scotland, who was in attendance, was called, sworn, examined and discharged from further attendance.

During the course of his examination Mr. MacIntosh filed Exhibit No. 76, "Abstract of Chief Engineer's log of S.S. "Rio Dorado," which was read into evidence.

The Committee adjourned at 11.25 o'clock, p.m., to meet at 3.30 o'clock, p.m., to-morrow, Tuesday, May 19, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
MONDAY, May 18, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have our quorum and the Committee will kindly come to order.

Mr. SYMINGTON, K.C.: There was an order, as I understand it, for the bringing up to date of a memorandum with reference to preference freight rates, in Sir Henry Drayton's report. This has been prepared, so Mr. Marlow and Mr. Scott tell me, and they are satisfied with this.

The CHAIRMAN: You will put it in as an exhibit?

Mr. SYMINGTON, K.C.: I presume so.

EXHIBIT No. 72

COMPARISON OF DUTY AND OCEAN FREIGHT CHARGES TO VALUE OF ARTICLES SHOWN BELOW

Commodity	Measure- ment	Rate	Freight	Value	Duty at Ordinary Rate	Dut. at Preferred Rate	Percent difference Ordinary and Preferred Rate	Percent of Freight to Value of Goods
Woollen goods.....	8' 1"	80/ per 40 c. ft.	16/7 at \$4.75 = \$3.93	£20:2:10 at 4.81½\$ =\$97.00	35% less 10% \$30.56	27½% less 10% \$24.02	7.5%	4.05%
Cotton piece goods.....	85' 5"	65/ per 40 c. ft.	£6:18:10 at \$4.77 =\$33.01	£276:10:1 at \$4.79 =\$1,326.00	35% less 10% \$417.69	22½% less 10% \$268.52	12.5%	2.49%
Carpets.....	81' 9"	60/ per 40 c. ft.	£6:2:8 at \$4.78 =\$29.75	£16:4:6 at \$4.78½ =\$762.00	35% less 10% \$240.03	25% less 10% \$171.45	10%	3.9%
Felt hats.....	26' 10"	50/ per 40 c. ft.	£1:13:9 at \$4.75 =\$8.02	£62:14:6 at \$4.77 =\$299.00	35% less 10% \$94.19	22½% less 10% \$60.55	12.5%	2.68%
Cutlery.....	6' 9"	72/ 6 per ton W/m or 1½% add. val.	12/3 at \$4.65 =\$2.85	£95:3:9 at \$4.65 =\$463.00	30% less 10% \$145.85	20% less 10% \$83.34	15%	.615%

The CHAIRMAN: The Minister has sent me a considerable file of copies from the government file in connection with the letter which I received from Mr. Low.

Mr. SYMINGTON, K.C.: Before taking the witness, I was looking over, for the purpose of cleaning up things, if we could, Colonel Gear's evidence. There was certain information that Colonel Gear was to furnish. You will find it at page 153 of the evidence. He was to furnish a list of the grain carryings for two years prior to 1924 and the rates. Perhaps he has that.

Mr. MONTGOMERY, K.C.: Previous to 1924?

Mr. SYMINGTON, K.C.: Yes. Perhaps you might find out if he has it. It is at page 154, the cattle rates upon which he based his percentages of increases.

The CHAIRMAN: Just where is that, sir?

Mr. SYMINGTON, K.C.: At page 154. Reads, "If you refer to the top of the page you will notice it gives certain percentages on cattle rates. I was asking him for the rates upon which he calculated the percentages and the time those rates were in?—A. I will get that for you. I have omitted it."

The CHAIRMAN: Almost at the top of the page, Mr. Montgomery; the third paragraph from the bottom.

Mr. SYMINGTON, K.C.: At page 154 the Chairman asked him for a comparison of the type of boats, trading out of Boston and Montreal. At page 165 he was to furnish a statement of the cost of construction of boats, from 1900 to date, and on the same page—

Mr. MONTGOMERY, K.C.: What part of the page?

The CHAIRMAN: It is almost in the middle. (Reads) "Would you take a note and get it for us? If you are going to be at it you might make it from 1900 down to date, the building cost.—A. To date? Q. Yes."

Mr. MONTGOMERY, K.C.: I understood at a later date you asked him that question but he had not been able to get the information immediately.

Mr. SYMINGTON, K.C.: At page 165, a list of changes in the cattle rates.

The CHAIRMAN: Is that all?

Mr. SYMINGTON, K.C.: That is all. Mr. Chairman, having heard that one of Sir William Petersen's boats was in port, I asked the auditor to go down there on Saturday himself and to look over the logs and records of the ships, and to issue instructions to the captain and engineer, that they should come before the Committee, to tell us about some of the operating costs of these boats. It will give us an indication probably as to the figures which the other lines have put in and therefore I would ask Captain Hocken to be called.

RICHARD HOCKEN, called, sworn and examined.

By the Chairman:

Q. You are the Captain of the Rio Dorado, a steamship registered where? —A. London.

Q. Where is your home, sir, when you are not on the briny deep? Where is your home ashore?—A. Southampton.

Mr. MONTGOMERY, K.C.: May I make this suggestion, Mr. Chairman, to my learned friend and yourself, that if it were possible, to intimate the kind of evidence that is to be taken up, in order to give us some opportunity of preparing for it and no doubt to avoid delay for the witnesses too; it will be convenient to them as well. I have not had any intimation or idea of the existence of Captain Hocken other than what we saw in the papers, that there was a boat of that kind here. There was no reason for expecting any evidence of this

[Captain Richard Hocken.]

kind and it is impossible to turn around and cross-examine when I do not know what the witness is to be examined upon. My learned friend says he is to be examined on the operation of the boat, and it is a pretty hard job to tackle in cross-examination without knowing anything about it. If it were possible for my learned friend to give us some information that he was to examine the witness on such and such questions, it would save time for the Committee, and I could cross-examine right away instead of asking these gentlemen to come back for cross-examination. I would not undertake to cross swords with the gallant captain about the operation of his boat.

Mr. SYMINGTON, K.C.: It is largely the production of his books. The ship, I believe, sails to-morrow, and that is the reason I have brought those officers up.

By Mr. Symington, K.C.:

Q. Captain Hocken, how long have you been engaged on the sea?—A. Altogether, about twenty years.

By Mr. Symington, K.C.:

Q. I understand that you have been fifteen years with this company and three years in the Navy?—A. Yes, sir.

Q. During the war?—A. Yes.

Q. Now, what is the type of construction of this boat which you are sailing, the Rio Dorado?—A. She is described as a corrugated monitor type of steamship.

Q. Would you just explain what that is, Captain?—A. Yes, she has two corrugations.

Q. Instead of straight sides?—A. Yes, straight sides to the water lines, to her loading marks and from there down there are two corrugations, which are practically twenty-three inches from the perpendicular side.

Q. Have you sailed more than one of these boats?—A. This is the third.

Q. This is the third of this type that you have sailed?—A. The third corrugated ship.

Q. You have been sailing corrugated ships since when?—A. Since 1921.

Q. From your experience what would you say as to the comparison—first, what is the dead weight?—A. The cubic capacity of the Rio Dorado is 509,000.

Q. Dead weight tonnage?—A. 8,500 tons dead weight.

Q. That is her capacity?—A. Yes.

Q. That must be feet?—A. 509,000 cubic feet; that is the gross dead weight; that is the total dead weight.

Q. I thought that was net dead weight?—A. That is tonnage.

Q. What would you say as to the points upon which a straight-sided boat and a corrugated boat differ, that is, has one any advantage over the other?—A. The corrugated ship has an advantage of about 30 per cent over the straight-sided ship—30 per cent efficiency.

By the Chairman:

Q. I did not catch that answer, Captain?—A. The corrugated boat has 30 per cent greater efficiency than the straight-sided ship.

By Mr. Symington, K.C.:

Q. In what respect is the corrugated ship superior, is it in speed, coal consumption, or how; I suppose you mean in the consumption of fuel?—A. That is to say, consumption and speed are taken into consideration, the tonnage of the ship also, the dead weight.

[Captain Richard Hocken.]

Q. That is, for her fuel consumption she travels faster—is that what you say?—A. Yes, sir.

Q. Are there any other advantages?—A. In addition to the speed and the consumption of coal, the steaming of the ship is better; she is steadier; she is non-rolling. In other words, she does not roll. If you travel by a corrugated ship, you will never afterwards travel by a straight-sided one.

Q. What about her cargo space?—A. She is a good carrier; she has about 14,000 feet of extra cubic space in the corrugated side, which runs fore and aft of the ship horizontally; you understand the corrugations run along.

Q. Has she more cargo space or less per dead weight ton as compared with the straight-sided ship?—A. More.

Q. How much over?—A. About 14,000 cubic feet.

Q. How is that accounted for?—A. By the corrugations, which are not measured in the tonnage of a ship.

Q. What about the framework?—A. For tonnage purposes it is measured on the inside, on the perpendicular side of the ship.

Q. How far apart are the ribs in this boat?—A. The ribs are about 7 feet apart.

Q. As opposed to what in a straight-sided boat?—A. Two feet approximately.

Q. Does that give any advantage in cargo space?—A. Yes, and it also makes a lighter ship.

Q. Less material?—A. Less material.

Q. What is the speed of this ship?—A. The ship will steam 10 knots per hour on twenty tons of the best Welsh coal.

Q. Let us first deal with the speed; how fast will she go?—A. She will go twelve and a half knots.

By Mr. Black:

Q. Loaded?—A. Loaded, that is, in fine weather of course.

By Mr. Symington, K.C.:

Q. You have travelled, you say, since 1921 in these boats?—A. That is right.

Q. Tell us what coal she burns when she is travelling eight and one half knots an hour?—A. Fourteen and a half tons of Welsh coal.

By the Chairman:

Q. Did you say fourteen and a half tons, Captain?—A. Yes, sir.

Q. She will travel eight and a half knots per hour on a consumption of fourteen and a half tons per day?—A. Fourteen and a half tons.

Q. Per day?—A. Per day.

Q. Per day of 24 hours?—A. Yes, a 24-hour day.

By Mr. Symington, K.C.:

Q. And at ten knots?—A. At ten knots, 20 tons of the best Welsh coal.

Q. And at eleven knots?—A. 23 tons.

By Mr. Black:

Q. How much coal would she burn, coal such as you would get in Mont-real?—A. At what speed?

Q. The speeds you gave us just now?—A. Eight or ten.

Q. Eight or ten what?—A. I should allow about 10 per cent more.

Q. Is that sufficient?—A. Yes; I think she will do it on that.

[Captain Richard Hocken.]

By Mr. Rinfret:

Q. Why do you call it a 24-hour day?—A. That is an astronomical day.

Q. But you are gaining some time there?—A. Sometimes we are losing time; it depends upon whether you are going east or west.

Q. You always call a day 24 hours?—A. Always, at sea, that is nautical time.

By the Chairman:

Q. You said 10 per cent more of Montreal coal; what coal is that?—A. That is Dominion coal, I would say; sir.

By Mr. Symington, K.C.:

Q. Coal purchased in the Dominion?—A. Yes, that is the idea.

By the Chairman:

Q. You must have a better description than that, Captain; is it bituminous coal, or anthracite coal?—A. Bituminous. A steamship could not burn anthracite.

By Mr. Symington, K.C.:

Q. You have travelled how far in this ship, roughly speaking?—A. This is for the second voyage; the last voyage she travelled 25,000 miles.

Q. What was her average speed?—A. She averaged 10.2 knots per hour.

Q. And her coal consumption?—A. Her coal consumption was about 24.5 tons of coal per day of 24 hours.

By Mr. Duff:

Q. How much?—A. 24.5, but of course that was not Welsh coal. That was mostly South African coal.

By Mr. Symington, K.C.:

Q. How does that compare with Welsh coal?—A. About 15 per cent less; at least Welsh is about 15 per cent less than South African.

Q. Welsh coal is more efficient than South African?—A. Absolutely.

Q. That is, where you gave us the 21 ton figure for 10 knots before, on this 25,000 mile cruise averaging 10.2 knots, your coal consumption was 24½ tons of South African coal?—A. Some was Russian coal, and some Siberian coal. She burned a little more, but that is what it averaged, 24.5.

Q. Your boat has just arrived in Montreal?—A. That is right.

Q. Where did she come from?—A. She came from Hull, England.

Q. I have asked you to produce an abstract of your passage or log book; is that what you call it?—A. That is correct.

Q. You have the original here?—A. Yes.

Q. Is this (shows to witness) the one?—A. Yes, I think that is it, sir.

Mr. SYMINGTON, K.C.: I may say, Mr. Chairman, that Mr. Scott, the auditor, went through this and has made copies himself, so that there can be no objection to it. The original book is here; of course the Captain wants it back.

Mr. MONTGOMERY, K.C.: We will see that he gets it back, but we will have to look at it.

Mr. SYMINGTON, K.C.: Don't you take Mr. Scott's preparation; Mr. Scott has taken this exactly, and gives it to me as an exact copy of the book.

Mr. SYMINGTON, K.C.: The book is here, Captain?—A. That is it.

Q. And this sheet is an extract from the book, is it?—A. That is right, sir.

[Captain Richard Hocken.]

By the Chairman:

Q. Just before you get on with that, Captain, you said she steamed $12\frac{1}{2}$ knots when loaded, but you did not give us what the coal consumption would be for that?

By Mr. Symington, K.C.:

Q. Captain, can you tell the Chairman what the coal consumption would be when you were steaming twelve and a half knots loaded?—A. Twenty-seven tons.

By the Chairman:

Q. Of the best Welsh coal?—A. Yes.

Mr. SYMINGTON, K.C.: I would ask, sir, to have this extract from the log marked as an Exhibit.

The CHAIRMAN: Very well, it will be No. 73.

Extract No. 73: Abstract of log of Steamship Rio Dorado.

EXHIBIT No. 73

ABSTRACT PASSAGE FROM HULL TO MONTREAL

S/S*Rio Dorado*—Voyage No. 2.

[Captain Richard Hocken.]

Week Day	Date	True Course	Daily Run	Daily Consumption	Lat. of 1 N.	Long. of 1 W.	Wind Direction	Fee.	Sea Direction	Sea state	Remarks
Friday.....	May 1.....	Various.....	109	10.5 tons	51 05	1 13	N.E.....	4	Various...	Slight....	2.13 a.m. Discharged pilot: 2.15 a.m. Full away. Moderate breeze and slight sea, cloudy and clear.
Saturday.....	" 2.....	Various.....	290	24.0 "	58 40	4 43	Various...	3	N'y.....	Smooth...	Variable breezes and smooth sea.
Sunday.....	" 3.....	S. 87 W.....	264	24.0 "	58 26	12 50	S.W.....	3	N'y.....	Smooth...	Cloudy and clear.
Monday.....	" 4.....	S. 74 W.....	260	24.0 "	57 15	20 35	N.....	5	N'y.....	Rough....	Gentle breeze and smooth sea. Occasional showers.
Tuesday.....	" 5.....	S. 51 W.....	215	24.0 "	55 00	25 33	N.....	5	N'y.....	Rough....	Fresh breeze and rough sea. Cloudy and clear.
Wednesday....	" 6.....	S. 69 W.....	280	24.0 "	53 28	32 56	Various...	2	E'y.....	Slight....	Fresh breeze and rough sea. Cloudy and clear.
Thursday.....	" 7.....	S. 60 W.....	270	24.0 "	51 15	39 15	Various...	3	E'y.....	Slight....	Light variable breeze and smooth sea.
Friday.....	" 8.....	S. 59 W.....	265	24.0 "	48 57	45 07	W'y.....	4	W'y.....	Slight....	Cloudy and clear.
Saturday.....	" 9.....	S. 65 W.....	240	22.0 "	47 18	50 30	W.S.W.....	5	S'y.....	Mod.....	Light variable breeze and smooth sea. Cloudy and clear.
Sunday.....	" 10.....	Var.....	212	21.0 "	46 01	55 07	W'y.....	4	S.W'y....	Mod.....	Moderate breeze and slight sea. Fine and clear.
Monday.....	" 11.....	N. 65 W.....	281	24.0 "	47 51	61 04	W'y.....	2	W'y.....	Slight....	Moderate breeze and slight sea. Fine and clear.
Tuesday.....	" 12.....	Var.....	245	24.0 "	49 09	66 40	W'y.....	4	S.W'y....	Mod.....	Moderate breeze and sea. Occasional fog. 8.25 p.m., stopped for Pilot off Father Point.
Tuesday.....	" 12.....	Var.....	88	8.5 "	Father Point.		W'y.....	4	W'y.....	Slight....	Moderate breeze and slight sea.

Total Distance—Port to Port—3,019 Miles.
Total Steaming Time—11 days, 23 hours, 4 minutes.
Average Speed per hour—10.5 Knots.

Total Consumption—278 tons.
Average Consumption per 24 hours—23.04 tons.

The WITNESS: But she is not what I would describe as a twelve and a half knot ship for general purposes.

By the Chairman:

Q. But she can make twelve and a half knots fully loaded by burning twenty-seven tons?—A. About that.

Q. You do not push her along at that rate?—A. That is right.

By Mr. Black:

Q. Where did you say you came from?—A. Hull.

Q. In how many days?—A. Twelve days, approximately.

By Mr. Symington, K.C.:

Q. You left Hull on Friday, May 1st?—A. That is right.

Q. You arrived at Father Point on Tuesday, the 12th?—A. Right.

Q. What was her coal consumption there?

By the Chairman:

Q. When did you say you left?—A. On Friday, May 1st.

Q. And arrived when?—A. Tuesday, May 12th.

By Mr. Symington, K.C.:

Q. At what hour did you leave?—A. We left at 2.15 a.m., on the 1st.

By the Chairman:

Q. And arrived when?—A. We arrived at Father Point at 8 p.m., on the 12th.

By Hon. Mr. Stevens:

Q. And when did you arrive at Montreal?—A. On the following evening, the following night.

By Mr. Symington, K.C.:

Q. Wednesday, the 13th, the evening of Wednesday, the 13th?—A. The evening of the 13th.

By Sir Henry Drayton:

Q. At what hour was that, from Montreal?—A. About 10 o'clock, p.m.

By Mr. Black:

Q. Is this (referring to log book) the two voyages?—A. The end of one voyage. I turned in a page, beginning with the 1st of May.

By Mr. Symington, K.C.:

Q. So that you were steaming twelve days?—A. Eleven days twenty-three hours to be exact.

Q. Eleven days and twenty-three hours you say?—A. Yes.

Q. This boat was light, I understand?—A. Yes, in ballast.

Q. Do boats travel as well light as loaded?—A. Quite. It depends upon the weather, of course. In fine weather they steam faster, and light they roll, but about the same; in bad weather she would go faster loaded.

By Sir Henry Drayton:

Q. Had you a good or a bad trip?—A. A moderate Atlantic trip.

[Captain Richard Hocken.]

By Mr. Symington, K.C.:

Q. The weather is all shown on the slip. What was your coal consumption for those twelve days?—A. 23.04 tons per day.

Q. And your average speed?—A. 10.5 knots.

Q. What kind of coal was that?—A. Light Yorkshire coal.

Q. That is not as good or as heavy a coal as Welsh Coal, is it?—A. Not to be compared with it.

Q. The total coal consumption then was how much?—A. 278 tons.

Q. And the distance?—A. 3,019 miles.

By the Chairman:

Q. What was the total consumption?—A. 278 tons.

Q. What did that coal cost you, if you have no objection to telling us?—A. About eighteen shillings a ton, although it is not my affair to buy the coal. The owner of the ship will tell you better the exact figure.

Q. So that your coal cost per day was what?—A. Well, sir, while I have a fairly good idea, Sir William Petersen can tell you much better than I can.

Q. The coal cost you have given us at 23.04 tons at eighteen shillings a ton?—A. That is right.

Q. Have you multiplied that; 23.04 tons at eighteen shillings would be approximately 21 pounds per day?—A. About that.

Q. And for the voyage, what?—A. About £550 we estimate, for the round voyage.

Q. That is to Montreal and return?—A. Yes sir.

Q. You are assuming that she is going back loaded?—A. Yes sir.

Q. She is loaded now?—A. Yes sir.

Q. Now I have taken, Mr. Chairman, without any name, or the auditor has taken, the figures from some of the voyage sheets that the lines have put in, without naming the ship or disclosing whose it is; of what he says is the same size ship. The coal costs there for the round voyage are £1,646. Can you explain that, Captain, as opposed to your £550?—A. Simply because the Rio Dorado is the most economical ship in the world for her size and speed.

Q. £1,646 as opposed to £550 for the round voyage. I was wondering whether their figures were right. I was not worrying about the Rio Dorado. Then do you produce a list of your crew?—A. Yes. That is correct.

Q. That is a correct list of your crew?—A. Yes that is my signature.

Q. And the wages paid?—A. Yes.

Q. I would like that marked, sir.

Exhibit No. 74: List of crew of S/S "Rio Dorado"; and wages paid.

EXHIBIT No. 74

SIVEWRIGHT, BACON & Co.,
Steamship Owners & Brokers.

Regent Chambers,

Hull, 30th April, 1925.

Crew List of the "Rio Dorado"—Captain R. Hocken
From Hull to Montreal

No.	Names	Capacity	Wages		Advance		Allotment		Remarks	
			\$	cts.	\$	cts.	\$	cts.	\$	cts.
1	R. Hocken.....	Master.....								
2	F. B. Huntley.....	1st Mate.....	20	10			12	00		
3	D. S. DeGrucky.....	2nd Mate.....	16	10						
4	R. Jennings.....	3rd Mate.....	13	10	5	00				
5	A. Innes.....	Bos'n.....	11	10	5	15		5	15	
6	J. S. Bilton.....	Carpenter.....	12	10			10	00		
7	A. J. Keen.....	A. B.....	10	00	5	00		2	00	
8	A. Drew.....	A. B.....	10	00	5	00		5	00	
9	G. Baxter.....	A. B.....	10	00	6	00				
10	E. Wilkinson.....	A. B.....	10	00	5	00		5	00	
11	J. McLeod.....	A. B.....	10	00	4	00		6	00	
12	I. Verloppe.....	A. B.....	10	00	5	00		5	00	
13	A. McIntosh.....	Chf. Engr.....	23	10			15	00		
14	F. Veitch.....	2nd Engr.....	20	10			5	00		
15	F. Atkinson.....	3rd Engr.....	16	10						
16	W. McLean.....	4th Engr.....	13	00			8	00		
17	Saleh Ahmed.....	Donkey- man.....	11	10	5	15				
18	Saleh Ahmed.....	2nd Don- keyman & F. & T.....	11	10	5	15				
19	Sala Ali.....	F. & T.....	10	10	5	15				
20	Mohamed Ali.....	F. & T.....	10	10	5	10				
21	Magi Saleh.....	F. & T.....	10	10	5	10				
22	Abdul Nasse.....	F. & T.....	10	10	5	10				
23	Saleh Ahmed.....	F. & T.....	10	10	5	05				
24	Taleb Abden.....	F. & T.....	10	10	5	05				
25	Salah Hamed.....	F. & T.....	10	10	5	05				
26	Musulah Hadi.....	F. & T.....	10	10	5	05				
27	F. Sinclair.....	Std.....	14	10			8	00		
28	G. Rogers.....	Cabin boy.....	4	00			2	00		
29	C. Green.....	Cook.....	13	10	6	10	6	10		
30	G. Cass.....	Galley Boy.....	4	00	2	00	2	00		
31	E. W. Bell.....	W. O.....	11	19	2	00				
32	A. Woodfield.....	Mess Rm.B.....	4	15			3	00		
33	B. Butcher.....	Apptce.....								
34	A. O. Mark.....	Apptce.....								
35	G. E. Pain.....	Apptce.....								

R. HOCKEN,
Master.

Q. Have you any objection to leaving that?—A. Not at all sir.

By Mr. Symington, K.C.:

Q. Now from this Exhibit 74 I find that your boat carries a crew of 32?—

A. Yes, 32 sailors and firemen; and 3 apprentices or cadets. Some people call them apprentices. I call them cadets.

By the Chairman:

Q. They used to be called apprentices years ago?—A. Yes sir.

By Mr. Symington, K.C.:

Q. They apparently get no money?—A. No sir, or very little.

By the Chairman:

Q. Do they mess with the crew?—A. No sir, with the officers.

Q. They are training for officers?—A. Yes sir.

[Captain Richard Hocken.]

By Hon. Mr. Stevens:

Q. Where is this ship registered, Captain?—A. London.

By Mr. Symington, K.C.:

Q. Taking a round voyage of forty days; that is 24 steaming, and 8 loading and 8 days discharging at each port apparently, your wages are £416?—A. That is for a month is it?

Q. No, for a round voyage, forty days?—A. Yes. That is quite right; about £13 per day.

Q. Now in this voyage sheet that the other lines have filed, I find wages for the round voyage are £1,096 as opposed to your £416. Can you explain that?

The CHAIRMAN: The Hon. Mr. Sinclair suggests that this witness' evidence might be interrupted for a moment, so that Mr. Scott without naming the boat might give the reasons why he picked this boat "X" as the boat with which a reasonable comparison might be made with the Rio Dorado.

Mr. DUFF: Let us finish the captain's evidence, and decide that afterwards, Mr. Chairman. We can decide what the boats are afterwards.

Hon. Mr. STEVENS: Why cross-examine this witness about a boat he knows nothing about and probably has never seen.

Mr. SYMINGTON, K.C.: With great deference I would submit that this officer has sailed the seas for a good many years in all kinds of ships, and I wanted to ask him if he could explain how it was that the wages on one boat should be so much more than on the other.

Mr. MONTGOMERY, K.C.: How could he tell us if he has not seen the boat and does not know anything about it?

The WITNESS: I can explain that to you quite easily I think.

Mr. SYMINGTON, K.C.: We have been told, Mr. Chairman, by my friends that these things are all fixed by the shipping regulations in Europe as to how many of a crew they have to have and the wages paid, Union wages, and so on, and we were also told that the managers always carry more than the regulations require, as prudent managers.

The CHAIRMAN: We will hear what the witness says.

By Mr. Symington, K.C.:

Q. What would be your explanation of that?—A. The rate of consumption of coal. They have to carry more men if they consume more coal.

Q. You have to carry more firemen if you use more coal?—A. More firemen, that is the idea.

Q. As I understand the Union rules, you have to hire a man— —A. For every three tons.

Q. For every three tons of coal for use, and the less your consumption of coal— —A. The less men you carry.

The CHAIRMAN: What is the proportion of firemen in his crew out of the 32 who are on the wages sheet?

Mr. SYMINGTON, K.C.: How many firemen have you?—A. Nine.

Hon. Mr. McMURRAY: How many of a crew on the other ship?

The WITNESS: Probably the other ship has 18 firemen. I am certain she will burn double the amount of coal and that would account for a good bit of it.

By Mr. Symington, K.C.:

Q. Apparently your nine do not shovel three tons a day.—A. No, but we carry nine, simply because it is necessary to have men to work in the engine room in port.

[Captain Richard Hocken.]

Q. Is that the only explanation you can offer as to that difference?—A. And so that we could have the necessary men if we wish to open out and drive 12 knots; to have sufficient men to handle the engine at that speed.

Q. But is that the only explanation of the difference in wages?—A. The difference would probably be in the coal, in the running expenses of the ship; probably burning twice the amount of coal.

Q. It is the wages we are discussing though, captain.—A. No, I cannot answer that. Not to that extent.

Q. Now do you know anything about the repairs on this boat?

The CHAIRMAN: Better ask him how old she is first.

By Mr. Symington, K.C.:

Q. Yes, how old is she?—A. She was built in September. She sailed from England on the 30th September, 1924.

Q. And she sailed you say a voyage of 25,000 miles and then this one?—A. That is it.

Q. How about the other three upon which you sailed?—A. Well, I sailed around the world with each one.

Q. Now what about repairs to these boats, what has been your experience?—A. A new ship of course does not require many repairs, and then these ships are very easy on repairs because they do not roll about and there is no straining with them and that sort of thing; the wear and tear is smaller.

By the Chairman:

Q. Were the other boats you were in corrugated boats as well?—A. Yes sir.

By Mr. Symington, K.C.:

Q. Since 1921. He has been a great deal longer of course, with this line. What were your repairs on this boat, captain?—A. For the round voyage?

Q. Yes.—A. Well, we had an accident. With the exception of an accident to one of the winches, costing £20, we had no repairs.

Q. Now what about dry-docking your boats? What do you do with that?—A. She was dry-docked before leaving Hull a fortnight ago.

Q. What did you do in dry-dock?—A. Simply scraped and painted the ship, two coats of paint.

Q. What did that cost you?—A. The docking, paint, and the whole thing about £95.

Q. Docking and painting £95. Scraping, etc. Now with respect to provisions, do you know what it costs per day to feed your crew?—A. We calculate it per man as a rule.

Q. Per man then?—A. About 2/6 to 3/- per man.

Q. What about your deck and engine stores?—A. We estimate about £3 per day to £3.10/-.

By the Chairman:

Q. Engine stores, composed of what?—A. Oils and paints. Deck and engine stores £3 to £3.10/- per day.

By Mr. Symington, K.C.:

Q. Then captain can you tell us, apart from your steaming costs, that is your coal cost, what it costs you per day to operate this boat?—A. Really Sir William Petersen should tell you that. I am running the ship; navigating her, not managing her.

Q. I am not speaking of overhead or management; just per day by you.—A. Well I estimate at least £30 per day; but Sir William Petersen can tell you exactly.

By Mr. Duff:

Q. £30 including coal?—A. No sir. That does not include coal.

The CHAIRMAN: Perhaps you had better tell us just what the £30 includes, if you will excuse me, Mr. Symington.

By the Chairman:

Q. Your estimate of £30 includes what?—A. Wages, insurance and stores.

Q. Not coal?—A. Not coal.

Mr. SYMINGTON, K.C.: We have got the coal, sir, I think previously.

By Mr. Rinfret:

Q. It does not include repairs?—A. No sir. It does not include repairs. We have no repairs on a corrugated ship.

By Mr. Symington, K.C.:

Q. What did you say about repairs? I did not hear you.—A. I say we have no repairs.

Q. Well, on your other boats, the other two boats you ran, did you not have repairs since 1921?—A. Very small, sir; nothing practically. You would not expect repairs on a new ship.

Q. But there are running repairs all the time, are there not, on a ship?—A. Well, on some ships but not in these corrugated ships.

Q. Provisions; is that included?

Mr. RINFRET: If that does not include repairs, when we take these figures we must make allowance for repairs, because repairs will be needed some day, no matter how good a ship is. That is the intent of my question.

By the Chairman:

Q. Were all these corrugated ships new ships, that you have been in in the last three years?—A. Yes sir.

By Mr. Symington, K.C.:

Q. And your repairs have been?—A. Practically nil.

Q. Does that £30 include the provisions?—A. Provisions? Oh, yes. We put that down.

By the Chairman:

Q. Does "stores" include provisions?—A. Stores includes provisions.

By Mr. Symington, K.C.:

Q. Stores; deck and engine force and provisions?—A. Yes.

Q. And wages?—A. And wages.

Q. And insurance?—A. And insurance. The whole running expense of a ship, with the exception of coal.

Q. And you have given us, apparently, on this voyage in any event, £21 a day for coal?—A. Yes.

Q. So you would figure £51 a day for the total running expenses of the ship?—A. Yes sir.

Q. Leaving out of account management expenses and overhead?—A. Yes.

Q. Anything else?—A. No, that is all that I have.

By Hon. Mr. Stevens:

Q. That does not include port dues and pilotage?—A. That is another matter altogether.

Q. It does not include them?—A. Those are the running expenses of the ship.

[Captain Richard Hocken.]

By Mr. Black (Halifax):

Q. It does not include stevedoring or port charges?—A. No sir.

By Mr. Symington, K.C.:

Q. Have you carried general cargo in these boats?—A. Yes; it would come under the term, "bag cargoes."

Q. You have not carried from Canada before?—A. No.

Q. So you would not like to say anything about port charges at all; that is a matter which the office looks after, I suppose?—A. I know this particular ship, or any of the corrugated ships could be handled probably cheaper than any other, on account of their equipment, large hatchways and all that sort of thing, and no obstructions in the hold.

Q. You do not want to say anything—you cannot say, I presume, what the port charges would be?—A. No, it is not my province to discuss that.

By Mr. Black (Halifax):

Q. How many decks?—A. Two.

By Mr. Symington, K.C.:

Q. Now, in connection with the voyages of these ships, can you give the committee any results of voyages which indicate the difference that this makes in effectiveness of operation?—A. Take a rice cargo, for example. The first steamer, the Rio Azul carried a cargo of rice from Rangoon to Sydney, New South Wales, and the receiver of the cargo informed me that in his twenty-five years experience he had never received a cargo in such excellent condition, not one bag damaged, even, out of about 100,000 bags.

Q. That would be so in any ship, would it not?—A. No sir.

Q. Why, what is the difference?—A. Simply because of the ventilation. The corrugated sides assist ventilation, and with a perishable cargo such as rice, much depends upon the ventilation, whether you deliver it in good order or not.

Q. I was not thinking of that so much as, in these voyages—A. Carrying capacity?

Q. Yes.—A. Yes. That is to say, the steamer burning less coal than the ordinary ship would be able to carry much more cargo.

Q. But you took certain voyages, did you not?—A. Yes.

Q. I think you told me about a voyage from Blythe to New South Wales with coal?—A. Yes.

Q. You made comparisons?—A. Yes, in which the two ships left Great Britain for Sydney, New South Wales via Karachi; the corrugated ship made the trip with 900 tons less coal and was ten days less in doing the work.

Q. What was the class of ship, one opposed to the other?—A. Similar ship.

Q. Same size?—A. Same size.

Q. Same engines?—A. Same engines, or about. Her efficiency was probably better than the other.

By Mr. Montgomery, K.C.:

Q. Yours had ten days less steaming time?—A. No, she did it ten days quicker than the other ship.

By Mr. Symington, K.C.:

Q. The corrugated boat steamed out in ten days less time?—A. That is the idea.

Mr. MONTGOMERY, K.C.: No, he does not say ten days less steaming time.

The WITNESS: Ten days less time to do the same distance. In other words, we will say she was fifty days and the other ship was, say, sixty days.

Mr. MONTGOMERY, K.C.: Give us the names of these ships again.

By Mr. Symington, K.C.:

Q. What was the name of this ship?—A. The Rio Azul.

By Mr. Montgomery, K.C.:

Q. That is the corrugated one?—A. Yes.

Q. What is the other one?—A. The Brad Clyde.

By Mr. Symington, K.C.:

Q. And your trip was from Cardiff to Karachi and then to Newcastle, New South Wales?—A. Yes.

By the Chairman:

Q. Where is Karachi?—A. In India, sir.

By Hon. Mr. Sinclair:

Q. And back to Cardiff?—A. No sir, just to New South Wales. Of course, that is about 15,000 miles.

By Mr. Symington, K.C.:

Q. What about the Peudene and the Rio Dorado trip?—A. That is another trip.

Q. How did they compare?—A. A difference in thirty days steaming of nearly 400 tons. The corrugated ship used 400 tons to do the same work as the straight sided ship took to do it.

Q. 400 tons of coal less?—A. 400 tons less.

By the Chairman:

Q. Were these ships of approximately the same size?—A. Exactly the same size; same length, same breadth and depth. One had a straight side and the other was corrugated.

Q. How do you know this so accurately?—A. The two ships were side by side and the straight sided ship claimed to be the most economical, until the two ships were alongside, and when we compared notes the other man pulled down his flag.

By Mr. Symington, K.C.:

Q. I understand you left England together for Buenos Aires?—A. That is right.

Q. Your boat called at Cadiz, travelling further?—A. That is right, sir.

Q. How many tons a day did your boat use?—A. Sixteen tons, sir.

Q. And the other boat?—A. Twenty-seven.

Q. You were steaming slow on that trip?—A. Steaming slow.

Q. 8.9 knots. Now, dealing with cargo space, what about the Mauritius trip?—A. That would be more a question of dead weight than space. There is a sugar cargo referred to, which is dead weight. Sugar being solid cargo, the question of space would not come in.

Q. It was dead weight, then?—A. Dead weight.

Q. How did they compare?—A. The corrugated ship took more cargo, took about 700 tons more cargo than the straight sided ship, although both ships were of the same tonnage.

Q. Same dead weight tonnage?—A. Same dead weight tonnage.

Q. So you were able to take 700 tons more at a considerably less rate. What was the rate?—A. On account of the number of tons of bunkers necessary to make the trip, less than the other ship.

[Captain Richard Hocken.]

Q. You were able to carry 700 tons more weight of cargo, at what rate?
—A. About 31 shillings per ton.

Q. Two boats on the same dead weight?—A. Yes, sir, the same dead weight, same engines, and maker.

Q. Can you give my learned friend the dates of these trips, what years?—
A. Yes sir. That was in November, 1923.

Q. Now, how do you account for this? Is it something to do with the propeller or the water?—A. Of course, I am not the patentee of the ship, and Sir William Petersen can tell you much better than I can, but I will endeavour to tell you my opinion of it. It is that the propeller revolves, in the case of the corrugated ship, in a solid body of water, where in a straight sided ship it revolves in a disturbed body of water. That is because of the actions of the corrugations on the bottom of the ship.

Q. With what result?—A. For instance, when the straight sided ship is going through the water, the water in the bottom arrives at the stern much later than the water travelling along the surface. I do not know whether that is clear.

Q. Yes, I see. Go on, Captain. —A. In the case of the corrugated ship the corrugations release the water so that it arrives at the surface and at the bottom at the same time.

By Mr. Duff:

Q. There is no dead water?—A. No dead water.

By Mr. Symington, K.C.:

Q. And then there is no missing, no slips?—A. No slips, no.

By Mr. Rinfret:

Q. How does that account for more space on the inside?—A. Not at all, sir, not the question of speed.

Q. I understood you to say you could carry more cargo in the one instance than in the other. I am unable to connect that with what you have just said.
—A. I had better show you an amidships section, so you can judge for yourselves.

By Mr. Symington, K.C.:

Q. I think we can understand it. You have said that you carry more cargo because you require less bunker space, in the first place?—A. Yes, that is it.

Q. You also said that because of the construction of these ships, with your ribs seven feet apart instead of two feet, it gives more cargo space?—
A. Yes sir.

Q. And what about your stringers?—A. The bulk of the stringers come approximately two feet from the perpendicular, and the space saved there is not counted in the registered tonnage of the ship.

By the Chairman:

Q. But affords carrying capacity?—A. Affords carrying capacity. That is right, sir.

Mr. MONTGOMERY, K.C.: I am not going to ask the Captain very many questions to-night, because it is impossible to examine all these figures right away. I can ask some very general questions now.

Mr. SYMINGTON, K.C.: I may say that I understand this boat is sailing to-morrow.

Mr. MONTGOMERY, K.C.: It can stay a little longer; it is just out on a voyage of discovery.

Mr. MONTGOMERY, K.C.: I would not attempt to go through a full cross-examination of all these things. How can I; it is perfectly hopeless.

The CHAIRMAN: Mr. Montgomery, do the best you can, please.

Mr. MONTGOMERY, K.C.: I will ask some general questions, just notes which have been hurriedly put to me.

Mr. SHAW: Here is the log.

Mr. MONTGOMERY, K.C.: I have never seen the log.

Mr. SYMINGTON, K.C.: You have seen a copy of it.

The CHAIRMAN: Mr. Montgomery, just proceed with the witness, please.

By Mr. Montgomery, K.C.:

Q. These trips, these boats which you have been sailing on since 1921, are they all owned by the same company?—A. The ships? Yes, sir.

Q. That is, Sir William Petersen's company?—A. Sir William Petersen's ships.

Q. Who was the inventor?—A. Sir William Petersen, although he has nothing to do with the Corrugated Company, as far as I know.

Q. Nothing to do with what?—A. He has nothing to do with the patent. He is the inventor, but the patent is owned by the Monitor Shipping Corporation of Newcastle-on-Tyne.

Q. You have been giving his invention quite a boost—A. Do you not think it deserves it?

Q. No doubt. We know that he has a strong advocate in you, Captain. We have heard of the many, many boats that have been building during that time. When were these boats first built?—A. In the first instance, I am not quite in a position to say, but the first one in this case was built in 1920-21.

Q. 1920?—A. Yes.

Q. So it represents the era of building subsequent to the war, in which I suppose hundreds and thousands of boats have been built?—A. No, sir. I am not in a position to give you the exact figures, but I suppose somewhere about a dozen ships, but they are smaller than Sir William Petersen's boats.

Q. About a dozen—A. Corrugated boats—in the world.

Q. But all smaller than these?—A. Yes.

Q. And during that same era from 1920 downward can you tell us approximately how many ships of other classes have been built?—A. I could if I had Lloyd's register before me; that is a difficult question.

Q. It runs into a very large figure, does it not?—A. Quite, yes.

Q. Is it safe to say into the thousands?—A. Oh, yes.

Q. And out of all of them, notwithstanding these wonderful advantages, only how many did you say had been built of this type?—A. About twelve.

Q. Now, Captain, how do you account for this—A. But not built of this description—of this size. They have only built smaller ships where people are perhaps not interested in them.

Q. Well, have it as you will, but how do you account for it that all the naval architects and all the shipping concerns, large ship-owners are interested in getting economical types of boats, and why have they not immediately rushed toward corrugated ships?—A. I am not in a position to answer that question, because I did not know anything about them myself until 1921.

Q. Yes, but we are now in 1925, and these tremendous advantages have been known since 1921?—A. It takes a lot of time to make a man believe a thing which looks impossible.

[Captain Richard Hocken.]

Q. So we are dealing with a thing that other men in the trade believe impossible?—A. You are dealing with the world's record, sir. I get nothing for the advertisement, but I am speaking what I know to be the truth.

Q. And given the truth, as you see it, Captain,—and as I am sure you believe it—you can offer us no explanation as to the comparatively small number of these ships that have been built in this era, which was perhaps one of the most active in the way of ship-building that we have ever seen?—A. They are now being taken up by intelligent ship-owners. This year, I believe, there have been half-a-dozen orders, one by Sir Walter Wren-Smith, and another by Sir John Ladner. They are bigger ships than the Rio Dorado. So they are getting to the front line.

Q. They are easily in the front line already, Captain, from the records you have given us?—A. Quite.

Q. These are boats that we have heard spoken of in this inquiry as tramps, carrying bulk cargo?—A. They are away superior to tramps.

Q. So far as your operations are concerned, they have been tramping?—A. Yes, we will call them that.

Q. Carrying bulk cargo; not doing liner service?—A. Yes, they have been doing liner work.

Q. They have been doing liner work?—A. Yes, I have been running to Bombay a considerable portion of the time, taking a general cargo to Europe.

Q. Well, let us get your schedule of your liner work?—A. Yes.

Q. Did you have regularly advertised schedules for liner work between Bombay and—what is your home port?—A. No, simply because the ship is on charter to the other man, and he does the advertising.

Q. What company owns these boats, by the way?—A. I think you know that—

By the Chairman:

Q. It is for the Committee to find out, Captain; just answer the question.—A. Sir William Petersen.

By Mr. Montgomery, K.C.:

Q. I assume you have some company who owns them. I am asking the question quite seriously?—A. The registry company on the ship's register, do you mean?

Q. I do not know. I assume that some company owns these boats. I understand that Sir William Petersen Limited manages them, but are they known under the name of any line?—A. The Thompson Steam Shipping Company—this particular ship.

Q. Does that apply to all four?—A. Yes, I believe it does.

Q. And then do I understand the Thompson Steam Shipping Company simply charters these boats to anyone who wishes to charter them, for the voyage they wish the charter for?—A. I believe something of that kind.

Q. Surely, Captain—you have shown considerable familiarity with the shipping questions to-night?—A. I do not understand what you are getting at.

Q. What I am trying to get at is, does the Thompson Steam Shipping Company run a regular line between the United Kingdom and Bombay, or are they the owners simply of certain tramp vessels and charter them to anybody who wants to charter them?—A. Sir William Petersen can answer that question better than I.

By the Chairman:

Q. If you know, answer the question?—A. Well, I do not know.

By Mr. Montgomery, K.C.:

Q. So you do not know when you are operating any of these boats, whether you are operating them for the Thompson Steam Shipping Company, Sir William Petersen, or the charterers?—A. No, not at all.

[Captain Richard Hocken.]

Q. And do I understand that you, as Captain, are not furnished with the copy of the charter party?—A. Oh, very often, yes.

Q. Surely, if you are furnished with a copy of the charter party, you would know whether the boat was chartered?—A. Sometimes they furnish us with a berth note.

By Mr. Rinfret:

Q. What does that mean?—A. That is simply under a charter.

Q. Surely it is something else?

Mr. DUFF: To proceed to a certain place for orders.

By the Chairman:

Q. Mr. Duff tells us that a berth note is a direction to the captain to proceed to a certain place for orders. Is that right?—A. No.

Q. Well, Captain, just tell us what a berth note is?—A. A berth note is simply a note stating, "Proceed to berth 16 on trip 14 and take on 2,000 tons of grain." That is the commencement of the cargo; we do not know what the rest will be.

By Mr. Montgomery, K.C.:

Q. I cannot understand the difference. Supposing you take any one of these voyages which you have mentioned. Take, for instance, the triangular voyages. Do you make them without knowing for whom you are operating?—A. It is a question of who is operating the boat. Sometimes we operate for another line. It is quite immaterial.

The CHAIRMAN: It is not a question of whether it is immaterial or not.

Mr. MONTGOMERY, K.C.: You do not answer my questions as freely as you did those of my learned friend.

By the Chairman:

Q. Do you understand the questions?—A. No, sir, I do not.

By Mr. Montgomery, K.C.:

Q. Let us take the last trip of which you spoke, your sugar cruise, where you made your wonderful dead weight. Did you have a charter party for that?—A. Oh, yes.

Q. I assume then you know by whom the boat was chartered?—A. Yes, I know by whom she was chartered then. It is the same business; the liners take sugar as well as any other cargo.

By Mr. Black (Halifax):

Q. Are you under charter on this trip?—A. Yes.

Q. Could you produce the charter?—A. No, sir, but it could be produced.

By Mr. Rinfret:

Q. Which charter?

Mr. BLACK (Halifax): For this voyage.

Mr. SYMINGTON, K.C.: This Montreal voyage?

Mr. BLACK (Halifax): Yes.

The CHAIRMAN: Have you got it?

Mr. SYMINGTON, K.C.: Yes, I have the charter for the Montreal voyage here. Sir William says there is no objection to putting it in. Here it is (handing document to Chairman, who in turn hands it to witness).

[Captain Richard Hocken.]

[Captain Richard Hocken.]

Captain to call at Charterers' office, as requested, and sign Bills of Lading, as presented, without prejudice to this Charter Party, and deficiency to be paid at Port of loading in cash, less insurance, and any surplus over and above estimated freight to be settled there before the Vessel clears at the Custom House, by Captain's draft, in charterers' favour, upon consignee, payable five days after arrival at Port of Discharge. Owners' stevedore to be employed for loading.

Steamer to be loaded according to berth terms, with customary berth despatch, and if detained longer than five days, Sundays and holidays excepted, Charterers to pay demurrage at the rate of sixpence (6d.) ..British Sterling or its equivalent per net register ton per day, or pro rata, payable day by day, provided such detention shall occur by default of Charterers or their agents.

Notification of the Vessel's readiness must be delivered at the office of the Charterers or their agents, at or about 4 P.M. (or at or before 12 M., noon, if on Saturday) Vessel also having been entered at the Custom House, accompanied by pass of the inspector of Vessel's readiness in all compartments, and the lay days will then commence at 7 A.M. on the next business day.

Time for loading, if required by Charterers, not to commence before the..tenth..day of..May..1925... ..

Should the Steamer not be passed by Board of Underwriters' surveyor as ready for cargo at her Loading Port before 12 o'clock noon on the..twentieth..day of May..1925 followed by the presentation of said Surveyor's pass to the Charterers or their agents at their office before said hour, the Charterers or their agents shall at said hour and at any time after not later than the presentation of the Surveyor's pass at said office, have the option of cancelling this Charter Party.

It is also mutually agreed that this contract shall be completed and be superseded by the signing of Bills of Lading on the same form as in use by regular line steamers from loading port to port of destination; or, if port of destination be one to which there is no regular line of steamers from loading port, this contract shall be superseded by the signing of Bills of Lading in the form customary for such voyages for grain cargoes, which Bills of Lading shall however contain the following clauses:—

1. "It is also mutually agreed that the Carrier shall not be liable for loss or damage occasioned by causes beyond his control, by the perils of the seas or other waters, by fire from any cause or wheresoever occurring, by barratry of the master or crew, by enemies, pirates or robbers, by arrest and restraint of Princes, rulers or people, by explosion, bursting of boilers, breakage of shafts or any latent defect in hull machinery or appurtenances by collisions, stranding or other accidents of navigation of whatsoever kind, (even when occasioned by the negligence, default or error in judgment of the pilot, master, mariners or other servants of the ship owner, not resulting, however, in any case, from want of due diligence by the owners of the ship or any of them, or by the Ship's Husband or Manager)."

2. "General Average shall be payable according to York/Antwerp Rules. Average Bond with values declared therein to be signed, also sufficient security to be given as required by master or agents. If the owner shall have exercised due diligence to make the steamer in all respects seaworthy and to have her properly manned, equipped and supplied, it is hereby agreed that in case of danger, damage or disaster, resulting from faults or errors in navigation, or in the management of the steamer, or from any latent defect in the steamer, her machinery or appurtenances, or from unseaworthiness, whether existing at the time of shipment or at the beginning of the voyage (provided the latent defect or the unseaworthiness was not discoverable by the exercise of due diligence) the consignees, or owners of the cargo shall, nevertheless pay salvage, and any special charges incurred in respect of the cargo, and shall contribute with the shipowner in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred for the common benefit, or to relieve the adventure from any common peril, all with the same force and effect, and to the same extent as if such danger, damage or disaster had not resulted from, or been occasioned by, false or errors in navigation, or in the management of the vessel, or any latent defect or unseaworthiness."

3. "It is also mutually agreed that this contract is subject to all the terms and provisions of, and all the exemptions from liability contained in the 'active Congress of the United States, approved on the thirteenth day of February, 1893, and entitled' 'An Act relating to navigation of Vessels, etc.'"

4. "Cargo to be received at destination as fast as Vessel can deliver, during ordinary working hours, any custom of the port to the contrary notwithstanding; but receivers of the cargo are in no case obliged to take delivery at night without their consent, and in any event the steamer must bear all extra expenses incurred by working at night." This clause to be expressly stipulated in all Bills of Lading.

5. "Steamer to have the privilege of calling en route."

6. "Vessel to have a lien on the cargo for all freight, dead freight, demurrage or average."

[Captain Richard Hocken.]

Charterers' liability under this charter to cease on cargo being shipped.

The said Charterers, or their agents, are to have the privilege of transferring this charter to others (guaranteeing to the shipowners the due fulfilment of this charter).

Cash for vessels' ordinary disbursement at port of loading to be advanced by charterers, if required by master, at current rate of exchange, subject to insuance and two and a half per cent commission.

A commission of two and one-half per cent is due on loading of cargo to SIMPSON, SPENCE & YOUNG, on freight, dead freight and demurrage, vessel lost or not lost, whose agents at port of loading are to attend to ships business on customary terms.

THOMPSON STEAM SHIPPING Co. Ltd.,

(Petersen & Co. Mgrs.)

Owners of the British s/s "Rio Dorado."

By SIMPSON, SPENCE & YOUNG. As Agents,

Per (sgd). THOS. J. STEVENSON,

By cable authority received April 28, 1925, from
Simpson, Spence & Young, London.

CONTINENTAL GRAIN COMPANY,

(Sgd.) J. FEUER,

Vice Pres.

The original Charter Party is in our possession.

SIMPSON, SPENCE & YOUNG, *Brokers.*

I. McCoy.

By Mr. Montgomery, K.C.:

Q. Has this boat any 'tween decks?—A. Yes, nine feet high.

Mr. SYMINGTON, K.C.: The charter party must go back to the boat and go with the ship.

Mr. MONTGOMERY, K.C.: We can have a copy made.

By Mr. Montgomery, K.C.:

Q. How do you describe your two decks?—A. There is a shelter deck and a main or 'tween deck.

Q. Your evidence is that you have a shelter deck and a main or 'tween deck?—A. Yes, whichever way you want to describe it.

Q. You have only two decks?—A. Yes, we have only two decks.

By Mr. Black (Halifax):

Q. Which you describe as a shelter deck and a main or 'tween deck?—A. Yes.

Q. What is the depth of the hold from the main deck down to the 'tween deck?—A. 27 feet; nine feet from the main to the 'tween deck.

Q. That is not very suitable for carrying package stuff?—A. Yes, just the thing for carrying package stuff.

Q. It is something new to me, to carry package goods?—A. The distance is nine feet between the shelter and the 'tween deck.

Q. Is that suitable for carrying package cargo?—A. Yes, it is suitable for any kind of cargo, the lower hold. It is.

Q. That is very remarkable to me. You describe that as having a shelter deck and a 'tween deck?—A. It is a shelter deck ship.

Q. There is a difference between the shelter deck and the 'tween decks?—A. Would you like to see a plan of the ship, and you can see the whole thing?

The CHAIRMAN: I think that would be a good idea.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. Do you know whether the shelter deck is even measured in the tonnage?

—A. Oh, yes the Board of Trade would look after that. You can rely on that being measured. I did not register the ship myself; I had nothing to do with it. It is out of my province.

Q. Your evidence is that the shelter deck is measured in the tonnage?

—A. Yes.

Q. In the net tonnage?—A. According to the Board of Trade rule.

Q. In the net tonnage?—A. In the net tonnage portion of it.

The CHAIRMAN: I think if we had a plan of the boat it would be interesting for the Committee to see.

Mr. SYMINGTON, K.C.: Mr. Donald has handed me a plan. I presume they want it back. I can get another plan. That is a Board of Trade plan.

By Mr. Montgomery, K.C.:

Q. Have you your register with you?—A. No, the register is at the Custom House.

Q. You have not your certificate of register?—A. No, it is in Montreal. Of course, that is the document to show how to pilot the ship. This is the thing that is registered; practically the same information.

Q. Where will your certificate of register be found?—A. In the Custom House. They use it to enter and clear the ship with. That is the only official document in the ship, so far as the Customs is concerned.

Q. We are rather interested in seeing the certificate of register? Who will have that?—A. I am afraid you will not be able to get hold of that. You might get a copy of it.

Q. I think we might get a copy of it.—A. What do you want to see?

Q. I want your certificate of register?—A. To see the tonnage plan of the ship?

Q. I asked you for your certificate of register?—A. I do not think you will have much of a chance to get it, not unless the ship were to remain in Montreal; no chance of getting it.

The CHAIRMAN: Possibly, if the Committee asks you to show it to us, you will possibly be kind enough to show it.

Mr. SYMINGTON, K.C.: It has to go with the ship.

Mr. MONTGOMERY, K.C.: I am not going to finish with this witness to-night, because I cannot do it. If you want me to stall and ask questions, I will do it, but I do not think it is fair to ask me to complete my cross-examination to-night.

Mr. SYMINGTON, K.C.: I pointed out before, that the ship is loaded and ready to sail to-morrow.

The CHAIRMAN: There is the log.

Hon. Mr. STEVENS: Surely, there is no objection to producing the register of the ship. It is a very simple thing.

Mr. SYMINGTON, K.C.: He has to carry it with him.

Mr. DUFF: What good will that do?

Mr. MONTGOMERY, K.C.: A copy can be had, I think, quite cheaply.

Mr. BLACK (Halifax): A license can be had from the Collector of Customs.

[Captain Richard Hocken.]

By Mr. Symington, K.C.:

Q. You will get full instructions in Lloyds book.—A. That is all contained in the register, you are quite right, about the measurement, what the tonnage measurement is, but in any case I did not have anything to do with that. I did not measure the ship, neither did anybody measure it. It is not my affair at all.

The CHAIRMAN: You are the custodian.

Mr. MONTGOMERY, K.C.: We can easily have a transcript by the Customs of Montreal.

The CHAIRMAN: Mr. Montgomery, I am anxious, if possible, to avoid keeping this ship. You can understand that desire. That is why we want to go ahead as far as we can to-night. I understand you are at a disadvantage.

Mr. MONTGOMERY, K.C.: It would be rather simpler if we had been told that the Captain was to be examined and I would have made some effort to prepare, but you can understand having to cross-examine under these circumstances, where I have not been able to read yet what the questions involved are. It is very difficult to cross-examine this witness. I think it means that his evidence has to be taken without cross examination, because I do not profess to be able to read all this stuff and put it to the witness at this time. The witness has just appeared before this Committee.

Mr. SYMINGTON, K.C.: I did not know what witnesses you were going to call.

Mr. MONTGOMERY, K.C.: Our witnesses are all in the room.

Mr. SYMINGTON, K.C.: It is a pure question of figures, of coal, wages and so on.

Mr. MONTGOMERY, K.C.: The evidence is very extraordinary, on the face of things. It is quite impossible for an ordinary lay-man to understand. With all the advantages that the captain claims for these boats, there are only ten or a dozen of them in the world, although they have been going since 1919. There are boats by the hundreds and thousands built in that time.

Mr. SYMINGTON, K.C.: The witness did not keep log books at all. I brought them here on purpose, so that we did not have to take anybody's word for it. This is in the Chief Engineer's log book. I was calling the Chief Engineer. If you want the Chief Engineer's log book you can have it now.

By Mr. Montgomery, K.C.:

Q. Have you got the indicator cards?—A. Yes, I think so.

Q. Where are they?—A. You have them.

Mr. SYMINGTON, K.C.: The engineer has them. The engineer is being called.

Sir HENRY DRAYTON: There is no reason why they should not be produced.

The CHAIRMAN: There is no reason why they should not be produced because—

Mr. MONTGOMERY, K.C.: Where are they?

The CHAIRMAN: If they are in the room, let them be produced, so that Mr. Montgomery can see them.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. Have you a record of the boiler pressure?—A. You have that in Lloyd's book, 180 pounds.

Q. I am asked to ask you the number of revolutions?—A. What speed? 10 knots, 60 revolutions, loaded; 11 knots, 63-64.

By Mr. Symington, K.C.:

Q. All the revolutions are in the log book?—A. The number of revolutions depends on the weather.

By Mr. Montgomery, K.C.:

Q. I can only repeat these questions. It is the block coefficient fineness?—A. Do you want me to explain that?

Q. Block, .779, which is pretty full.

The CHAIRMAN: .779; does that convey anything to your mind, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Not in the slightest.

By Mr. Montgomery, K.C.:

Q. .779?—A. That is right.

Q. That is the last one?—A. It is the last one. If it was one it would be square. If it was one you would have a square block. .779 will give you an idea that it is fairly blocked. That makes her all the more extra-ordinary.

Q. Can you tell me the draft—

By Mr. Duff:

Q. Has her name been changed?—A. No.

Q. What is her name?—A. Rio Dorado.

By Mr. Montgomery, K.C.:

Q. Can you give us the draft at which the trials were run?—A. 24 feet 11 inches mean, on her summer course; on free board, three by six inches.

By the Chairman:

Q. Will you please go over that again?

By Mr. Symington, K.C.:

Q. Will you just explain those terms to the Chairman and other members of the Committee except the nautical gentlemen?—A. Well, sir, the free board is a sign given by Lloyd's. A line is drawn from the main deck to the number of feet, in this case 3 feet 6 inches to the plimsoll mark, which is the centre of the disc. When I say disc, they have a disc at the centre—of the centre line on the summer mark, which is 2 feet 6, and on a winter mark 3 feet 11½, but in Indian Summer she goes 6 inches below the summer marks, below the centre of the disc, that is to say, she must deepen.

By the Chairman:

Q. Why is that?—A. In the Indian summer, for Indian waters, which is confined between Singapore and Suez, in the north east monsoon.

The CHAIRMAN: All right, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Are your boats adapted for carrying cattle?—A. On which deck?

Q. On any deck?—A. You mean the Shelter, Main, or the 'tween decks? She has 9 feet 'tween decks which makes an excellent deck for cattle.

[Captain Richard Hocken.]

Q. What are you indicating to me—two decks, or one deck?—A. One deck below, and one deck atop; she has two decks, she can carry them on both decks.

Q. Have you carried cattle on the shelter deck?—A. Yes.

Q. Where would you carry perishable cargo?—A. Well, if I carried perishable cargo, or you wanted me to carry perishable cargo, if you were the shipper I would ask you on which deck you wished me to carry the general cargo if you were carrying general cargo, and cattle could only have the main deck or the shelter deck.

Q. If you carried cattle on both decks, you would not be able to carry general cargo at all?—A. Yes, we have a hold below that of 27 feet.

Q. So that you are going to carry your general perishable cargo in the hold?—A. Where would we carry it?

Q. Is it your suggestion that your boat is suitable for that?—A. It is. If we wished to lay another deck it is an easy matter to have a 'tween deck and another deck below that.

Q. I do not know what any of these decks would be?—A. You would if you saw the ship.

By Sir Henry Drayton:

Q. What is the largest number of cattle you have ever carried on any of those boats?—A. As far as I am aware, none of these ships have ever carried cattle. We have not come down to that.

Q. Are they equipped for cattle, or are the stalls not in?—A. The stalls are not in.

By the Chairman:

Q. What do you mean by that, Captain?—A. The stalls are not in the ship, and they would not be in any ship unless they intended carrying cattle.

By Mr. Montgomery, K.C.:

Q. Have you any refrigeration space?—A. No, sir, and we do not need any, either.

Q. You do not need any?—A. Not at the moment, but when we need it it can be put on board; that is quite simple.

Q. Is that your serious answer, for a man of your experience?—A. Absolutely.

Q. That these boats are not built for refrigeration? What do you mean by a simple matter?—A. To instal refrigeration. There are a number of boats that when refrigeration is necessary have all the machinery; there is nothing in that.

Q. What boats are you speaking of now are fitted for general cargo?—A. Yes, they are; why not?

Q. Are they fitted for general cargo?—A. They are suitable for general cargo.

Q. I asked you whether they are fitted for general cargo?—A. What do you mean by fitted? I never heard of any such thing as fitted. I have never heard of fitted.

Q. Could they carry butter?—A. Why not carry butter?

Q. Will you please answer the question; could they carry butter?—A. Yes.

Q. They are fitted now for carrying butter?—A. They are fitted for carrying butter, and I have carried butter in one of them.

By Sir Henry Drayton:

Q. Where was that?—A. That was from Boston to Hamburg.

Q. In what month of the year?—A. In August, 1922.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. Without refrigeration?—A. Yes; butter in cases and kegs.

By Mr. Kennedy:

Q. Did you have any claims for damages on that butter?—A. I don't think so.

By Hon. Mr. Stevens:

Q. Was it butter in casks?—A. Butter in cases.

Q. Mr. Montgomery was asking you if you carried butter as a regular part of your cargo?—A. And I gave my reply Yes.

Q. But he did not ask you whether it was fresh butter, salt butter, or any other kind of butter.

By Mr. Montgomery, K.C.:

Q. Or whether it was good butter or bad butter?—A. Or any other butter.

Mr. BLACK: I suppose it might have been for axle grease.

By Sir Henry Drayton:

Q. Let me ask you another question, Captain. What are the rates of freight on the charter party, would you say?—A. About 14 cents, I think it is.

Q. What was being carried?—A. You mean on this present charter?

Q. Yes.—A. I think it is 14 or 14½ heavy grade.

Q. Per hundred?—A. Per hundred.

Q. For what?—A. For wheat.

Q. You are getting a rate of 14½ cents for wheat?—A. Yes.

Q. Are you carrying anything but wheat?—A. That is optional with the shipper.

Q. But you are loaded for sailing to-morrow, are you not?—A. She is being loaded.

Q. What are you loading?—A. Rye and barley.

Q. All grain?—A. All grain.

Q. What is the rate on rye?—A. I think it is 16½ cents on oats, but I am not exactly certain.

By Mr. Black:

Q. I think it is 16½ cents on oats.—A. About 16½ cents.

By Sir Henry Drayton:

Q. Where are you to take it to?—A. To Hamburg.

Q. What is the name of your charterer?—A. Simpson, Spence & Young, of New York, I believe are the charterers.

Mr. SYMINGTON, K.C.: Sir Henry, the cargo rates are two thirds barley and oats, at 17 cents per hundred, and one third is rye at 14½ cents.

By Mr. Montgomery, K.C.:

Q. You were speaking of the speed she could make on the best of Welsh coal; were you speaking of what she had actually made?—A. No, she has never burned Welsh coal, that ship, in particular.

Q. Perhaps I misunderstood you. Were you speaking from actual figures, or of estimates of what she would do having the best of Welsh coal?—A. They go much better on Welsh coal, and it is much more economical.

[Captain Richard Hocken.]

Q. You gave us a number of figures at the opening of your examination, based on 8 knots, based on 10 knots, and so on; were those estimates on your part?—A. That is the basis of it; for instance, if you were the charterer of a boat, on that basis she would go $8\frac{1}{2}$ knots on 14 tons of the best Welsh coal.

Q. If you will just give us the origin of these figures, as to what you will be prepared to quote, or what you have done?—A. You cannot compare a ship only by taking Welsh coal. If you are going to discuss coal consumption, you must go on Welsh coal as a basis. That is the usual maritime way of doing it.

Q. Please answer the question, Captain. You gave quite freely, in answer to my learned friend, certain figures as to the efficiency of this boat; for instance, you told us she went 8 knots on 14 tons, 10 knots on 20 tons, 11 knots on 23 tons, $12\frac{1}{2}$ knots on 27 tons of the best Welsh coal. Now I ask you whether you were doing that from any records, or is that an estimate?—A. I will show you the records of what she has done, with the speed, on all other coals.

By the Chairman:

Q. That is not what Mr. Montgomery has asked you. Mr. Montgomery has asked you if the figures which you gave to the Committee are figures based on estimates, or an actual experience?—A. They are based on estimates.

By Mr. Montgomery, K.C.:

Q. Can you tell me who made up those estimates; did you make them yourself, or were they made for you?—A. They were made by myself, and the Chief Engineer, also by the speed and power curve.

Q. When were those made?—A. Those were made before the ship was built.

Q. So that the figures you gave us in answer to my learned friend's questions were figures made before the ship was built?—A. Yes.

Q. You have never operated a boat yourself under these same conditions?—A. No.

Q. So that you are not able to speak as to that?—A. No.

Q. You say this is your second voyage?—A. Yes.

Q. Her voyage was a lengthy one of which you speak?—A. Yes.

Q. Would you mind telling us again what she covered on that voyage?—A. 25,000 miles.

Q. Where did you go?—A. To Port Said.

Q. Where did you start from?—A. From Newcastle.

Q. Loaded?—A. Loaded.

Q. With what amount of coal?—A. What kind of coal? What was she loaded with?

Q. No, what kind of coal was in your bunkers?—A. Mickley coal, and some other inferior north country coal. Durham coal, really.

Q. And do you remember what amount you had in your bunkers?—A. Yes, we had in the bunkers 1,400 tons approximately.

Q. And where did you go?—A. To Port Said.

Q. In how many days?—A. 13 days $16\frac{1}{2}$ hours. With a consumption of 22.8 tons per day.

Q. Did you re-coal there?—A. No.

Q. Where did you go next?—A. Went to Mariople in the Sea of Azof.

Q. Were you fully loaded when you left Newcastle?—A. Oh yes, 8,500 tons aboard, of cargo and bunkers. A total dead weight of 8,500 tons.

Q. You discharged that at Port Said did you?—A. Yes.

Q. And took on another cargo there?—A. No, went in ballast then to South Russia, the Sea of Azof.

Q. And that was to pick up another cargo?—A. Yes.

Q. And what did you get?—A. Salt.

[Captain Richard Hocken.]

Q. A full load?—A. Yes, but Mariople and Eupatoria.

Q. Did you re-coal at that port?—A. No.

Q. You still had your original coal that you took on at Newcastle?—A. Yes.

Q. Where next?—A. I said to Mariople and then Eupatoria; from Eupatoria through the Dardanelles, through the Suez Canal and on to Sebang and Sumatra.

Q. Was that all under one cargo?—A. That would be two cargoes wouldn't it; the first one and the second one?

Q. I am asking about the second one that you took on at Mariople.—A. Well, Mariople and Eupatoria, for Siberia, for Vladivostock.

Q. And what was that?—A. Salt.

Q. And where did you discharge that?—A. At Vladivostock.

Q. You might indicate where you re-coaled, as you go along.—A. Yes, exactly; I will do anything you wish.

Q. Following it along.—A. Sebang is on the way to Vladivostock. Sebang is in the Straits of Malacca, about 500 miles from Singapore. It is a coaling station and we called there to have sufficient coal to increase our bunkers so that the steamer would go to Vladivostock and back to Sebang. Is that clear to you?

Q. Yes, go ahead.—A. Well, that is it.

Q. And did that finish your 25,000 miles?—A. Oh no, not at all.

Q. What class of coal did you take on there?—A. African.

Q. What cargo had you from Vladivostock?—A. Soya beans.

Q. Where did you take your soya beans to?—A. To Hull. We came home via Singapore, Sebang, Port Said, Lisbon, Hull.

Q. Is this all under a single charter, the whole round voyage?—A. No, two different charters.

Q. You had an outbound charter; give us the points of division.—A. Well, the salt cargo was from South Russia to Vladivostock. We disposed of that and then shipped 8,000 tons of soya beans for the United Kingdom and Continent via Lisbon.

By Mr. Duff:

Q. Lisbon for orders?—A. No, we came to Port Said for orders.

By Mr. Montgomery, K.C.:

Q. So that up to date all that this boat has actually done in practice is to carry bulk cargo?—A. Yes.

Q. Just to clear up something in my mind. You spoke of the capacity in the, what do you call them?—A. The corrugations.

Q. You fill that?—A. You fill up with grain or bulk cargoes.

Q. In the bulge, if I can so term it?—A. Yes.

Q. The bulge of the corrugation will be filled with grain?—A. Yes, but not filled with soya beans, which was described as a general cargo, and it was loaded in bags; shipped in bags; bag cargo.

Q. When you are speaking of bag cargo you refer to that soya bean cargo?—A. Yes.

Q. It was shipped in bags?—A. Yes.

By Mr. Black:

Do you have to line the ship for wheat or cargo of that kind?—A. Yes.

Q. So that you do not fill the corrugated place?—A. No, we don't use that for that purpose; we use that for ventilation.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. And when she is filled with grain from a spout, that fills up the same as any other part of the hull?—A. Yes.

By Hon. Mr. Stevens:

Q. I think perhaps the gentleman misunderstood you. He just told Mr. Black that they line the ship when they load grain.—A. No, not for grain, for bags.

Q. You don't line it for bulk grain?—A. No sir, you don't line it with all cargoes. It depends on the nature of the cargo. Soya beans is a very delicate cargo and in this instance the ship had a lot of ice around. For fear of any dampness on the side of the iron you line it.

By Mr. Montgomery, K.C.:

Q. What did you say about ice around?—A. The temperature was about 38 degrees below zero in Vladivostock.

Q. On your trip out here, your second voyage, what kind of coal did you use?—A. Yorkshire.

Q. And I suppose you bunkered enough to take you out and back?—A. Yes, we have enough to take us out and home and back again.

Q. So that you have not had any experience with the Montreal coal or Dominion coal?—A. No.

Q. You have no practical experience of that at all?—A. No.

Q. When you gave us the ten per cent figure, what was that based on?—A. That is based on Louisburgh coal. I have bunkered that.

Q. Do you happen to know another tramp boat called the "Salmonpool"?—A. Yes, the "Salmonpool" is a tramp. I don't describe the Rio Dorado as a tramp. I prefer to call her a first class freighter.

Q. But doing tramp work?—A. Doing any kind of work.

Q. The Salmonpool then I take it you know as you are able to say she is a tramp?—A. Beg pardon.

Q. You know the Salmonpool?—A. Yes.

Q. Is she in Montreal at the present time?—A. She is.

Q. How does she compare in size with the Rio Dorado?—A. About the same I should think.

Q. My instructions are that the Salmonpool is 4,803 gross tons against your?—A. 4,506 tons.

Q. So she is a little larger if anything, than yours?—A. About the same. I saw the captain and he told me she is about the same. She may be 100 tons greater.

Q. Did you have occasion to check up with him about the number of crew he carries?—A. No.

Q. I think you told us the number of your crew is 32?—A. Yes, that is the sailors and firemen.

Q. Illustrating the crew carried by boats doing this kind of work, I put it to you that the Salmonpool has a crew of 31, which fact you can easily verify when you return to Montreal and I will be glad if you will do so. As regards the total wages, what figure did you give us for yours?—A. For the round voyage or per day?—A. Per month I think.

The CHAIRMAN: For the round voyage, £416.

Mr. SYMINGTON, K.C.: £356 per month, without the master.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. £356 a month without the master. I put it to you that a boat, the Salmonpool, a little larger than yours, has a wage bill, without the master of £348?—A. Oh, nothing would surprise me with the Salmonpool boats. I would not describe that boat.

Q. I would just like to illustrate that boats carrying bulk cargo and tramp-ing, possibly are hardly comparable with boats doing general cargo work and liner work, so you would not be at all surprised at those figures I have given you for the Salmonpool—if they are correct.—A. Oh, quite. But the Salmonpool could not do the same work as the Rio Dorado. She is only an 8-knot tramp, 8 or 9 knots and burns about 20 tons of coal a day more I should think.

Q. Well I have given you the figures and you can check it. You say she burns about 20 tons of coal a day more.—A. I should think about that.

Q. Would that be approximately double your coal consumption?—A. Nearly. Approximately

Q. So on your theory that the wages should vary in almost direct proportion with the quantity of coal burned, she should have a very much larger crew than yours should she not?—A. Yes, she should. Well, of course, she burns considerably more coal and she has less men you see; very likely that is only in the culinary department or something of that kind. Sir William gives us a full ship. I would rather you did not compare a boat like that, because I think they are too far down you know.

Q. You say you have nine firemen?—A. Yes.

Q. I put it to you that the Salmonpool has nine firemen.—A. Well, I am surprised. I should have thought she would have less.

Q. Although burning you say double the amount of coal?—A. Yes.

Q. And although you told us in your evidence in chief that you would account for the greater number of men by the more coal the boat burned?—A. Well of course I don't wish to interfere with the Salmonpool. They run their ship their way and we run ours our way. It is none of my affair whether the Salmonpool carries more or less men.

Q. But you have given us certain figures in your examination in chief, Captain, and you were asked to account, you will remember, for the difference in wages and the number of men carried by certain boats indicated, and your own boat?—A. Yes.

Q. And you told us it would be due to the extra consumption of coal?—A. If required.

Q. On the other boat, which would necessitate extra firemen?—A. Quite so.

Q. Because you had to have more firemen for whatever the quantity of coal would be?—A. So that we would be in a position to burn more coal to go faster, to go any speed we wished, up to 12 miles.

Q. Now you have told us that the boat which I have mentioned to you would consume double the amount of coal that your boat would.—A. Yes.

Q. Then how would you account for it that she has only the same number of firemen?—A. Well, I presume she would burn double the coal to go our speed, which I don't suppose she could do, probably, that boat only makes about eight knots.

By Hon. Mr. Stevens:

Q. You said, captain, she would burn 20 tons more to go eight knots?—A. Probably she would.

Q. Then she would need a fireman for every three tons?—A. Yes.

Q. And that would be six more firemen?—A. Yes.

Q. Therefore she should have six more firemen than you should?—A. Well we have really too many firemen for the amount of coal we burn.

[Captain Richard Hocken.]

By Mr. Montgomery, K.C.:

Q. You are not answering the question. If she sailed the eight knots you mention, she would require six more firemen than you have?—A. If she burned forty tons of coal, but that is only my estimate. I don't know anything about that ship in particular. I cannot give the information.

Q. You said a moment ago she would.—A. I estimated she would.

Q. Then if she did she would require six more firemen?—A. You would think so.

Q. No, I don't think so. You volunteered that evidence.—A. Well, I will withdraw all that sort of thing. I am not going to commit myself about another man's ship.

Q. But you committed yourself about other ships when Mr. Symington was taking your evidence and that is all on the record to guide us later on. Exactly the same principle is to apply to this ship as you applied to the other.—A. Oh no, not at all. I do not bind myself with regard to anything about the Salmonpool. I do not know that I have committed myself about any other ship.

Q. You do not bind yourself to any evidence except about your own ship?—A. Yes. Except those I am really conversant with, that I have the figures from the master of the ship. I have not spoken to the master of this ship at all, but the figures I quoted, I had the figures from the master of the ship.

Q. Now, in your examination in chief on that very subject, you told us the same size boat with the increased coal consumption you mentioned would require 18 firemen in the place of your nine?—A. Repeat that question.

Q. I say, in your examination in chief, according to the note which I have, you told us that the same sized boat of the ordinary type would require 18 firemen in the place of your nine.—A. She would require a fireman for every three tons, whatever that works out at.

Q. I have your own statement as you made it in chief, that a boat of that size which you mentioned to us as an example, would require 18 firemen instead of nine?—A. I told you three tons per man, which you can work out better than I can.

Q. You worked it out for us; my note is 18 firemen for your nine.—A. I would make no calculation in the matter at all; I am simply giving the information.

Mr. DUFF: He has nothing to do with shipping the crew. If the Captain of these vessels goes to the Master and says, "I want so many firemen," that is as far as it goes. The Board of Trade rule is that they must have one fireman for three tons.

Mr. MONTGOMERY, K.C.: I am only taking him on his statement in chief.

Mr. DUFF: Do not bind him down to what the Board of Trade rules are.

Mr. MONTGOMERY, K.C.: I would hate to, as I do not know them myself.

The WITNESS: I am not making any statement with regard to anything except what I told the other gentleman. It is just approximately with regard to the other ships. The basis is three tons for one man.

By Hon. Mr. Sinclair:

Q. Does your ship burn three tons per man?—A. Not quite; we run much less than that.

Q. How many are you carrying?—A. We carry nine firemen, not on the basis of consumption, but simply to assist in cleaning up the engine room and doing that kind of work, in part.

[Captain Richard Hocken.]

Q. You carry more than a man to every three tons?—A. Yes, we carry nine firemen and we burn, say, 23 tons.

By Mr. Duff:

Q. Captain, have you any experience in regard to the firemen passenger ships carry?—A. I have been on passenger ships.

Q. The Maurentania, I understand, burns 1,000 tons a day; how many firemen does she carry?—A. She would carry about 300.

Q. Would she carry that many?—A. She does not burn coal now, she burns fuel oil.

Q. Would she carry them, when she did burn coal?—A. On that basis.

Q. She would not carry that many, so that although the Board of Trade rules say—A. It is not a Board of Trade rule, it is a Union rule.

Q. She would not carry as many firemen as that would make?—A. Oh, no.

By Mr. Montgomery, K.C.:

Q. Can you tell us how many tons of grain—

Mr. SYMINGTON, K.C.: Let us clean this up; I am sure he did not say anything about 18 firemen.

Mr. MONTGOMERY, K.C.: The record will show that, and all I can say is that that is what my notes show. I do not profess to have any further recollection.

By Mr. Montgomery, K.C.:

Q. How many tons are you taking out this time? Are you going to be fully loaded?—A. Yes.

Q. How many tons?—A. We are taking out quarters.

Q. Do not be smart; how many tons?—A. About 7,900 to 8,000 tons, and about 600 tons of bunkers, making a total dead weight of 8,500 tons.

By the Chairman:

Q. 7,900 to 8,000 tons of grain?—A. That is it, sir.

By Mr. Montgomery, K.C.:

Q. I am requested to ask you how your cargo is divided between wheat, rye and oats?—A. It is provided by charter, by separation.

Q. Two-thirds barley and oats, and one-third rye; that is what we get?—A. Yes.

By the Chairman:

Q. Is that about it, two-thirds barley and oats and one-third rye?—A. That is it.

The CHAIRMAN: Any more questions, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: I really have not examined him on very much he said, because I am not in a position to do so.

The CHAIRMAN: I think you are depreciating the value of your own efforts, Mr. Montgomery. Mr. Duff, have you any questions to address the witness?

Mr. DUFF: No, I do not think so. Mr. Montgomery has done very well in cross-examination, I think.

By Mr. Duff:

Q. There is one question I would like to ask. Mr. Montgomery was talking about the difference in the burning qualities of coal. Captain, in your experience you have been on ships which have burned Cardiff and Yorkshire and different kinds of coal?—A. Yes.

[Captain Richard Hocken.]

Q. And you say that Cardiff coal is a better burning coal than any other?
—A. Yes sir, much better.

Q. What percentage better?—A. Say three tons in twenty. If a ship burned twenty tons of Welsh coal she would burn 23 tons of English coal.

Q. About twelve per cent?—A. Yes, about that.

Q. So you base your figures on Welsh coal?—A. Yes.

By Mr. Symington, K.C.:

Q. You charter on Welsh coal, do you not? That is the basis of a charter?
—A. The basis of any time charter is Welsh coal.

Q. Which is the guarantee you give, and these figures are the guarantee you give?—A. That is the basis of your charter.

The CHAIRMAN: Mr. Black, have you any questions to address the witness?

Mr. BLACK (Halifax): No, none at all.

By Mr. Stork:

Q. Captain, you told us about a trip where you started out from Newcastle and wound up at Vladivostock and then returned to Newcastle?—A. No, sir, that was another trip, another ship, when we went to Karachi and Newcastle, New South Wales. But in this particular instance, the last voyage of this ship, we went from Newcastle, England, to Port Said, to a port in south Russia, to Vladivostock, Siberia, and back to Lisbon and Hull, with a cargo.

Q. How did you find the operation of this trip? Did you make money or lose money on the whole enterprise?—A. It is not part of my business to go into the profit and loss account, but in my opinion she made a very handsome profit.

By Mr. Duff:

Q. About this present trip; you have the poorest paying freight?—A. Yes.

Q. Out of Montreal?—A. Yes.

Q. With your experience, would you say you are going to lose money or make money on the trip?—A. There again it is not my province.

Q. I know that, but as a shipmaster you follow the operating expenses pretty closely?—A. I would rather Sir William Petersen gave you the figures.

The CHAIRMAN: If you have the information kindly afford it to the member of the Committee who asks for it.

By Mr. Duff:

Q. My experience is that the shipmasters are supposed to follow the business of the ship and find out if she makes money or not. Would you say this ship is going to make money or lose money?—A. I would estimate she would make about £40 a day profit.

Q. And for the voyage that is what?—A. The voyage is 40 days.

Q. That is £1,600 profit?—A. Yes.

By Mr. Symington, K.C.:

Q. Over everything?—A. Yes sir.

By Mr. Black (Halifax):

Q. Do you hold shares?—A. No.

By Mr. Montgomery, K.C.:

Q. There were no westbound earnings at all?

[Captain Richard Hocken.]

By Mr. Rinfret:

Q. I understand that for part of that trip she was merely carrying ballast?—A. Where?

Q. I understand from Port Said to Russia?—A. Yes, but that is only a short distance.

By Mr. Duff:

Q. All the way to Montreal.

The CHAIRMAN: You are talking about different trips.

By Mr. Rinfret:

Q. I was mentioning that trip from Newcastle to Vladivostock and back to Hull.—A. Yes.

Q. Is that the trip you said you made money on?—A. Yes.

The CHAIRMAN: You are talking about two different things.

Mr. SYMINGTON, K.C.: The £1,600 was on this Montreal trip.

The CHAIRMAN: Mr. Rinfret is asking a question on the first trip. Go ahead, Mr. Rinfret.

By Mr. Rinfret:

Q. I understood you to tell Mr. Stork that you had made money on that trip from Newcastle to Vladivostock and back to Hull?—A. Yes sir.

Q. That you made money on that?—A. Absolutely.

Q. And for part of that trip you were merely carrying ballast?—A. No, very little of the trip.

Q. I think you told Mr. Duff from Port Said to Russia?—A. That is only about 1,500 miles.

Q. That is part of the trip?—A. It is very insignificant out of 25,000 miles.

By Mr. Duff:

Q. My question is perhaps more to the point, your round trip from Hull to Montreal and back to Russia.

Mr. RINFRET: I would like to be informed on both.

The WITNESS: That is a very short run.

By Mr. Shaw:

Q. I would like to ask the witness if the maximum speed of this ship is $12\frac{1}{2}$ knots per hour, loaded?—A. Yes, that is the maximum.

Mr. KENNEDY (Glengarry): Mr. Chairman, might I ask the witness a question or two?

The CHAIRMAN: Go ahead.

By Mr. Kennedy (Glengarry):

Q. You gave us in the beginning of your evidence the speed of your ship, and the consumption of coal at certain speeds.—A. Yes.

Q. And you said those figures were based on estimates?—A. On Welsh coal.

Q. Yes. Now, I would like to know how the performance of your ship tallies with the estimate?—A. Quite.

Q. Take the first voyage, from Newcastle to Port Said.—A. If I may have the book I can read it out.

[Captain Richard Hocken.]

Q. I would like to know the number of miles and the number of tons of coal.—A. I will give you the distance. Of course, you quite understand, we do not run this ship at $12\frac{1}{2}$ knots; the most economical speed is about $10\frac{1}{2}$.

Mr. DUFF: Why not take it from Hull to Montreal?

By Mr. Kennedy (Glengarry):

Q. What is the number of miles?—A. I will give it to you. Probably you could examine it yourself. You can see the navigation and so on.

Mr. SYMINGTON, K.C.: The answer was given without the details, $12\frac{1}{2}$ knots.

Q. From Newcastle, the number of miles?—A. 3,465.

Q. Number of tons of coal you consumed?—A. 22.8 tons per mile.

Mr. SYMINGTON, K.C.: Give your total, then.

By Mr. Kennedy (Glengarry):

Q. The total number of tons?—A. The total number of tons was—if you will multiply it, 22.8 multiplied by $13\frac{3}{4}$ days.

Q. Now, on the trip from Hull to Montreal—that was your next trip?—A. Yes.

Q. In ballast?—A. Yes. You want the mileage?

Q. Yes.—A. 3,019 miles.

Q. Yes.—A. 11 days, 23 hours. Consumption 23.04 tons.

Q. And the speed?—A. Speed, 10.5.

Q. What was the speed on the former trip, to Port Said?—A. 10.6.

By Hon. Mr. Stevens:

Q. Captain, on this voyage you are just on now, from Hull to Montreal and return, you estimate a profit of £1,600?—A. Yes.

Q. Does that include port charges at both ends?—A. Yes.

Q. And pilotage and all charges?—A. When everything is paid.

Q. When did you say this voyage commenced?—A. When the ship was discharged at the other end, or when she came out of drydock, I suppose.

Q. That will be— —A. The day before she sails.

Q. She came out of drydock on the 28th?—A. We will base the voyage from the day she sailed, the first of May.

Q. When does the voyage end, when she is discharged?—A. When she is discharged.

By Sir Eugene Fiset:

Q. You describe your ship as a cargo liner?—A. I describe the ship as a first class freighter.

The CHAIRMAN: Any further questions to ask the witness?

By Mr. Johnston:

Q. Captain, you say the figures made up and which you put in to-day regarding coal consumption are based on estimates?—A. Are based on experience; not exactly on this particular ship, but on my experience with Welsh coal.

Q. You have been on other ships of this kind?—A. Yes.

Q. Could you give us some figures based on actual experience?—A. Yes, I can give you some figures based on actual experience. Here is the Rio Claro.

By the Chairman:

Q. What about the Rio Claro?—A. She makes 200 miles a day on 14 tons; 210 miles on 16 tons; 240 miles on 21 tons.

[Captain Richard Hocken.]

By Hon. Mr. Sinclair:

Q. What kind of coal?—A. Welsh coal. 241 miles on 21 tons.

By the Chairman:

Q. This is actual?—A. It is actual.

By Mr. Johnston:

Q. This is all on one voyage?—A. Yes.

By the Chairman:

Q. Is she a sister ship?—A. Yes, a sister ship. The Rio Dorado is a little larger than the other ship. The ship also makes 210 miles on 15½ tons, but that is in ballast.

By the Chairman:

Q. You say, "There is a little difference." What do you mean?—A. 1,100 tons dead weight difference in favour of the Rio Dorado.

By Mr. Black (Halifax):

Q. From Atlantic ports?—A. No, sir, that was a voyage from Cardiff to Aden.

By Mr. Johnston:

Q. These last figures you gave, 215 miles on 15½ tons, was in ballast?—A. Yes.

Q. What about the other figures? Was that in ballast or loaded?—A. Loaded.

By Mr. Black (Halifax):

Q. They made better time on the Mediterranean than they do on the Atlantic?—A. Yes, we should do so. Bombay—

By Mr. Johnston:

Q. That is enough, Captain. I thought figures based on actual experience would be better than mere estimates?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Are all those figures on the Mediterranean, or what?—A. On the Mediterranean.

Mr. DUFF: Why not give us the last trip from Hull to Montreal?

Mr. SYMINGTON, K.C.: We have had that; it is all on the record.

The CHAIRMAN: They were not burning Welsh coal.

Mr. DUFF: It does not make any difference.

The WITNESS: I have a chief engineer who should be an expert on coal.

By Mr. Montgomery, K.C.:

Q. You gave us as your estimated profit on the present voyage a figure of £1600.—A. That is it, sir.

Q. How did you arrive at that figure?—A. I prefer not to answer that question.

Q. We have to know. We have to get some idea. Why did you say £1600, instead of £1000, or £2,000?—A. I would rather Sir William Petersen would answer that.

The CHAIRMAN: You hazarded an opinion of £1600. On what do you base that?

The WITNESS: I based it on my experience, figuring wages and so forth at £30 a day.

By Mr. Montgomery, K.C.:

Q. In order to get £1600 you must have had some figures; what were they?
—A. £900 to load; £800 to discharge; and the other expenses at £30 a day, will pretty well cover the lot.

Q. £900 to load?—A. Yes.

Q. £800 to discharge?—A. Yes.

Q. What else?—A. £30 per day for running expenses.

Q. And you are calculating that on how many days?—A. Forty.

Q. That is £1200? In other words, 30 x 40?—A. Yes.

Q. That is £2900. Anything else?—A. Coal, £550, I think it was.

The CHAIRMAN: £5,500 for the round voyage.

By Mr. Montgomery, K.C.:

Q. What else?—A. I think that is the lot.

Q. Have you any port charges?—A. I said £900 and £800.

Q. Loading and discharging includes the port charges?—A. Yes.

Q. Insurance?—A. No, the insurance comes into the £30 per day.

By Mr. Black (Halifax):

Q. Do I undersand, Captain, that £800 includes the total expenses of your ship at the point of discharge?—A. That is it, sir.

Q. Towage and dockage and stevedoring?—A. Everything.

Q. All that you spend there?—A. Yes, that is the idea.

By Mr. Symington, K.C.:

Q. That is a grain cargo they are discussing?—A. I really must object to being questioned on that, because I am not the shipowner, and I am not the ship manager.

By Mr. Montgomery, K.C.:

Q. I wanted to find out how your figure of £1,600 was made up?—A. That was my opinion.

Mr. MONTGOMERY, K.C.: Your opinion was given to us.

Mr. SYMINGTON, K.C.: He was forced to give it by Mr. Duff, who asked him to guess.

Mr. MONTGOMERY, K.C.: He guessed £1,600.

By Mr. Montgomery, K.C.:

Q. Is it your guess that your total expense for a round voyage would be £3,400?—A. About that.

By Mr. Duff:

Q. Let us have the freight now. Tell us what your gross freight is?—A. I have not got it. I have not calculated that. I can tell you that when the ship is loaded.

By Mr. Montgomery, K.C.:

Q. You must have had something to base your figure of £1,600 on. What was it?—A. 7,900 tons.

Q. At how much?—A. 17 cents per 100 pounds. Say 8,000 tons, it is easier to calculate. 8,000 tons multiplied by 22,240, multiplied by 17.

[Captain Richard Hocken.]

The CHAIRMAN: Let us have your question, Mr. Black, so we can hear you.

By Mr. Black (Halifax):

Q. If the ship is loaded two-thirds oats and one-third barley, will that weigh 7,500 tons?

The CHAIRMAN: No, it was two-thirds barley and oats and one-third rye.

By Mr. Black (Halifax):

Q. Would that weigh 7,500 tons?—A. Yes.

By Mr. Montgomery, K.C.:

Q. So that according to your figures, if we are to take those as correct, you would make 2,200 pounds on this round voyage?—A. I do not commit myself to anything in that respect.

Q. Carrying grain only?—A. Yes. It is not difficult to prove the figures, of what it cost. You can easily get the figures.

Mr. MONTGOMERY, K.C.: You can run us out of the North Atlantic without the slightest trouble.

By Mr. Montgomery, K.C.:

Q. I am asked to get the following information, Captain? You spoke of a cargo of rice by the *Rio Azul*?—A. Yes.

Q. From Rangoon to Sydney?—A. Yes.

Q. Will you tell us the date when that voyage occurred?—A. April, 1922.

Q. What boat were you comparing that with? There was no comparison there?—A. No.

Q. I think there was a comparison on the second.—A. I was comparing that, if you wish, with the whole world, that particular cargo. I would challenge anything against it.

Q. You did make a comparison of two ships.

Q. I think on the second trip you made a comparison between two ships, Great Britain, Newcastle to New South Wales via Karachi?—A. Yes.

Q. What is the date?—A. September to December.

Q. What year?—A. 1921.

Q. In that case the *Bradclyde* was the other ship?—A. Yes.

Q. The third was from England to Buenos Aires?—A. Yes.

Q. What date?—A. May, 1923.

Mr. DUFF: I do not see how we are interested in anything outside the North Atlantic. Why do we go over the whole world. The whole thing is wrong. The only thing we are interested in is the North Atlantic. Let us stick to that.

The CHAIRMAN: I think Mr. Symington asked him some questions in connection with it.

Mr. DUFF: I think, Mr. Chairman, you are too generous with counsel. That is all. We are losing a lot of time.

Mr. MONTGOMERY, K.C.: I wish the examination in chief had been half as short.

Mr. DUFF: We are not interested in Port Said or China.

Mr. FLINTOFF: Why was this evidence given?

[Captain Richard Hocken.]

Mr. MONTGOMERY, K.C.: I would like to know why.

By Mr. Montgomery, K.C.:

Q. The other one was the trip to Mauritius. What was the other ship you compared that with?—A. The *Rio Claro*.

Q. Which other ship were you making the comparison with?—A. The Largo Law.

By the Chairman:

Q. How do you spell that?—A. L-a-w.

Q. L-o-u-g-h, probably?—A. L-a-w. One of Thomas Law's ships, of Glasgow.

Mr. SYMINGTON, K.C.: I want to put the engineer in to have him put in the log. Call Mr. MacIntosh.

The CHAIRMAN: You can get a copy of that register and have it certified by the Custom House and send it up.

The WITNESS: I will do that.

By Mr. Montgomery, K.C.:

Q. Have you a scrap log?—A. No, we have a regular log. This is the nautical diary.

Mr. SYMINGTON, K.C.: The scrap log, you mean.

Mr. MONTGOMERY, K.C.: Do not ask me what I mean, I do not know.

The WITNESS: It is a rough log. The other log is copied from it.

By Mr. Symington, K.C.:

Q. You have not got any scrap log here?—A. No. The other is the original.

Witness discharged.

ALEXANDER MACINTOSH, called, sworn and examined.

By the Chairman:

Q. You were born in Scotland, Mr. MacIntosh?—A. Glasgow.

Q. Are you the Chief Engineer of the *Rio Dorado*?—A. Yes.

By Mr. Symington, K.C.:

Q. If we had the time I would like to ask the witness some questions, but it is very late. I am just asking you to produce your log and this is the copy of it.—A. This is an abstract from the log.

Q. An abstract from the log, of the trip? You can leave the abstract?—A. Yes.

Exhibit No. 76: Abstract of Chief Engineer's log of SS. *Rio Dorado*.

[Mr. Alexander MacIntosh.]

ABSTRACT FROM CHIEF ENGINEER'S LOG of the S.S.
From Hull—Date
To Montreal—Date Arriving

Date and Time of Arrival and Departure	Steam Pressure			Indicated Horse- Power				Vacuum	Expansion	Temperature			Boiler Water Density Ounces
	Boiler	Receivers		H.P.	1st H.P.	2nd H.P.	Total			The Sea	Engine Room	Feed Water	
		1st	2nd										
								"	"	"	"	"	Port Centre-Star'd
April 30th:—Left Hull 11.10 p.m. (Summer time) and proceeded down river till dropped pilot and													
May 1, Fri.....	180	45	3½	632	562	513	1,707	25	3	45	68	170	1 1/2 Fresh-Fresh
" 2, Sat.....	180	49	5½					24½		47	82	180	" "
" 3, Sun....	180	55	5½					25		49	83	183	" "
" 4, Mon....	180	53	5					25		50	82	190	" "
" 5, Tues..	180	45	3½					25		49	80	170	1 1/2 ½ oz. ½ oz.
" 6, Wed....	180	60	7½					25		48	81	195	" "
" 7, Thurs..	180	59	6½					25		54	84	200	" "
" 8, Fri.....	180	57	7					25		53	83	202	" "
" 9, Sat.....	180	54	6					25		39	81	190	" "
Average 1 H.P. = 1,707													
" 10, Sun....	180	55	6½					25		36	80	187	" "
" 11, Mon....	180	59	7					24½		37	82	203	" "
" 12, Tues....	180	60	7½					24½		40	84	204	" "
" 12, Tues....	180	60	7½					24½		44	85	202	1 1 oz.-1 oz.
" 12, Tues....	Arrived Father Point (Pilot Station), 8 25 p.m. (Clock back 21 mins.) Passage ends for Abstract).												
	180	55	6					24½					

Averages	Results of Voyage
10.5 knots per hour. 66.8 revolutions per minute. Tons = .96 coals per hour. Tons = 23.04 coals per hour, 24 hours.	Distance run..... 3,019 miles. Actual steam time..... 11-23 hours, 47 mins. Consumption of coal..... 278 tons, 0 cwt. Consumption of oil, engine... 36½ gals. Consumption of oil, cylinder. 5½ gals.

No. 76

"Rio Dorado" Light Ship—Round Voyage No. 2—Trip No. 1—Commander —R. HOFFEN.

Leaving: 30th April, 1925, 11 p.m.

:-12th May, 1925 at Father Point.

Daily Engine Counter	Hours		Revol- utions per Minute	Distances Run in Knots per Day for Hours in Column 23		Speed of Ship in Knots per Hour		Coal Consumption		Lbs. per 1 H.P. per Hour	Remarks
	Under Steam	Less Stops		Obs.	Screw	Obs.	Slip %	Per day	Bkts. ash. per Watch		
	H. M.	H. M.						ton cwt.			State of the Weather
full away 2.15 a.m., Friday 1st May (clock black 1 hour)											
43,860	16-00	10-45	68.0	109	129	10.0	11.8	10-10	.....	1.26	Light wind on Star'd. bow.
99,600	24-10	24-10	68.7	290	294	12.0	1.3	24- 0	12	.....	Light head wind and Smooth sea.
98,410	24-32	24-32	66.8	264	291	10.8	9.3	24- 0	11	.....	Mod. breeze and Smooth sea, showery (water run into No. 3 hold)
97,840	24-31	24-31	66.4	260	289	10.6	10.0	24- 0	10	.....	Fresh breeze and rough sea, vessel rolling.
92,340	24-19	24-19	63.3	215	273	8.8	21.2	24- 0	11	.....	Fresh breeze and rough sea, vessel rolling, engines rac- ing.
99,930	24-30	24-30	68.0	280	295	11.4	5.0	24- 0	11	.....	Light beam wind and smooth sea.
98,370	24-25	24-25	67.0	270	291	11.0	7.2	24- 0	11	.....	Var. breeze and slight sea.
97,420	24-24	24-24	66.5	265	288	10.8	7.9	24- 0	10	.....	Mod. breeze and slight sea.
93,100	24-27	24-21	63.6	240	275	9.9	12.7	22- 0	10	.....	Fresh breeze and mod. sea, eased down for fog 6 hrs., 9 mins.
86,230	24-18	24-18	59.8	212	255	8.7	16.8	21-0	10	.....	Mod. breeze and slight sea, eased down for fog, 7 hrs., 45 mins.
100,050	24-24	24-24	68.3	281	296	11.5	5.0	24- 0	12	.....	Light breeze and smooth sea, clear.
102,310	24-22	24-22	69.7	245	302	10.0	18.8	24- 0	10	.....	Mod. breeze and sea, eased down for fog, 2½ hours.
37,880	8-46	8-46	72.0	88	112	10.0	21.4	8-10	12	.....	Strong current against.
1,147,340	293-2	287-47	66.8	3,019	3,390	10.5	10.9	278 tons (11 bkts. ash per watch=15% ash.			

	Consumption of Stores as used for the Engines Alone							
	Coal		Oil			Tallow		Waste
	Tons	Quality	Engine	Cyl.	Colza		Tunnel Grease	
			gals.			lbs.	lbs.	lbs.
On board leaving Hull (Pilot vessel)	928	So. Yorkshire mixed, V.G. strong. 15 p.c. ash.	283½	58	46	6	140	220
Consumed, Hull (Pilot) to Father Point (Pilot).....	278	.....	36½	5½	6	0	10	30
Remaining at Father Point (Pilot),...	650	.....	247	52½	40	6	130	190

Signed, ALEXANDER McINTOSH,
Chief Engineer.

By the Chairman:

Q. That is a copy from your own log book and you swear this is a faithful copy?—A. Yes.

By Mr. Symington, K.C.:

Q. I notice on this trip, from Hull to Montreal, by Exhibit No. 76, according to your log, your boat ran 10.5 knots an hour, 3,019 miles, on 278 tons of coal?—A. That is correct.

Q. Which coal was Yorkshire coal?—A. South Yorkshire coal.

Q. And this shows the revolutions and all the various details of an engine room, does it not?—A. It does.

Q. All these headings?—A. Yes, the varying pressure and the weather.

Q. Who is responsible for the keeping of the log?—A. I am.

Q. You keep this log book?—A. I keep this log book.

HON. MR. STEVENS: There is just one thing about both of these logs which I wish Mr. Symington would clear up; that is this, that they actually pulled out of Hull, away from the berth, the day before the date given here. There would be some consumption of coal there, but this dates to Father Point, and they did not arrive in actual berth at Montreal until the second day afterwards.

MR. SYMINGTON, K.C.: This log shows that, Mr. Stevens. The Engineer's log shows it.

HON. MR. STEVENS: There must be some consumption of coal beyond that much, 278 tons, from the time they dropped the pilot until they came to Father Point.

MR. DUFF: They took on the pilot.

By Mr. Symington, K.C.:

Q. What does your log show from Father Point to Montreal?—A. 26.10 tons.

Q. This is up to the arrival in Montreal?—A. Up to the arrival in Montreal.

Q. 26.10 tons?—A. Yes.

Q. What provision have you for measuring the amount of coal that you burn?—A. At this time, when we left Hull, there were 278 tons put in the cross bunker, which was an empty space. When we arrived in Montreal we had burnt all that less one ton, so we knew exactly the quantity we burnt.

Q. It is all long ton?—A. Yes. I generally take a measurement of coal in the trip, put in empty measurements, measure it for the length of eight hours, and that gives me the approximate quantity that I am burning. Outside of that, I take cards from the engine and it shows the speed she is running at and we work it out at so many pounds per horse power, which gives me a closer approximation of the tally.

By the Chairman:

Q. Well, do you find that these different methods bring about the same result, Mr. MacIntosh?—A. Practically.

Q. When you say practically, what would variation be?—A. A hundred weight or two per day.

Q. You get it within a ton or so?—A. That is a big estimate, a ton; a hundred weight or two, no more.

Q. A hundred weight or two; on the long voyage you would get within a ton or two?—A. Within a ton or two.

THE CHAIRMAN: Well, now, gentlemen, I think we have done a very good three hours' work. I am going to discharge the witnesses, subject to the Captain sending up the copy of the register. I think that should be satisfactory. You are discharged, Mr. MacIntosh, with the thanks of the Committee.

Witness discharged.

[Mr. Alexander MacIntosh.]

The CHAIRMAN: When are we going to meet next?

Mr. MONTGOMERY, K.C.: I think these documents should be left with us overnight, in order that we may be able to examine the witnesses properly. We have had no opportunity to examine either the documents or the witnesses.

The CHAIRMAN: Can you see any objection to that, Mr. Symington? Mr. Montgomery has made a request of Mr. Symington, and I have asked Mr. Symington if he has any objection. If Counsel have any objections, let them make them to the Chair, and not to one another.

Mr. SYMINGTON, K.C.: We will give them copies of the log book. The ship is sailing to-morrow. My learned friend has copies of the log book now.

Mr. MONTGOMERY, K.C.: Of course these are on one sheet only. We do not want to keep the log book at all but we have had no opportunity whatever of looking over it.

The CHAIRMAN: Is that satisfactory? If so, the log book will be handed to Mr. Montgomery, to be returned to-morrow morning.

Mr. SYMINGTON, K.C.: Yes, to be returned to-morrow morning, before the noon train.

The CHAIRMAN: This Committee will stand adjourned until to-morrow at 3.30 p.m.

The Committee adjourned.

PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the Resolution to Give the Government of Canada Control over Certain Ocean Rates

Proceedings of the Committee

No. 18—Tuesday, May 19, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. Herbert T. Shaw, Leather Manufacturer, Montreal, Que.

Colonel Henry A. Mullins, Cattle Exporter, Winnipeg, Man.

Mr. William W. Moore, Cheese Exporter, Montreal, Que.

Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-upon-Tyne,
England.

EXHIBITS

No. 77—Letter from Canadian Cannery, Limited.

No. 78—Documents filed as Exhibit No. 14A before the Agricultural Conditions Committee of 1923.

OTTAWA
F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

TUESDAY, May 19, 1925.

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

All members of the Committee present.

A letter received from Canadian Cannery, Limited, listing their principal products and prices was ordered to be filed as Exhibit No. 77.

A duplicate copy of Exhibit No. 14A before the Agricultural Conditions Committee of 1923, "Delegation to Ottawa *re* high ocean freight rates, February 27th, 1914," was ordered to be filed as Exhibit No. 78.

On motion of Mr. McKay, seconded by Mr. Rinfret,—

Agreed, That Mr. Herbert T. Shaw, leather manufacturer, Montreal, and Colonel H. A. Mullins, cattle exporter, Winnipeg, be heard as witnesses before the Committee.

Mr. Herbert T. Shaw, leather manufacturer, Montreal, who was in attendance, was called, sworn, examined, and was discharged from further attendance.

Colonel Henry A. Mullins, cattle exporter, Winnipeg, who was in attendance in obedience to summons, was called, sworn, examined, and retired.

The Committee adjourned at 6.05 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding, with all members of the Committee present.

Colonel Henry A. Mullins, who was again in attendance, was further examined and was discharged from further attendance.

Mr. William W. Moore, cheese exporter, Montreal, who was in attendance in obedience to summons, was called, sworn, examined, and discharged from further attendance.

On motion of Mr. McKay, seconded by Mr. Duff,—

Agreed, That Mr. F. C. Cornell, of Montreal, be heard as a witness before this Committee.

The name of the witness, Mr. F. C. Cornell, was repeatedly called in the committee room and in the corridors, but the witness did not answer.

Mr. Thomas H. Thompson, accountant, Cairn Line, Newcastle-upon-Tyne, England, who was in attendance, was called, sworn, and retired.

The Committee adjourned at 10.25 o'clock p.m. to meet again at 11 o'clock a.m. to-morrow, Wednesday, May 20, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, May 19, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so the Committee will please come to order. I would like to bring to the attention of the Committee a letter which I received from Mr. Caldwell, who was examined the other day. He has sent, at my request, a schedule of some of the principal commodities which his company exports, and the prices.

Hon. Mr. STEVENS: What company is that?

The CHAIRMAN: The Canadian Cannery, Limited.

Hon. Mr. SINCLAIR: That was the gentleman we examined in camera the other evening?

The CHAIRMAN: Yes.

Hon. Mr. SINCLAIR: What has he furnished?

The CHAIRMAN: A schedule of the principal commodities and their prices c.i.f. United Kingdom. This was desired in order that their freight rates might be compared with the commodities carried. I will order this letter filed, but will not order it printed at this time.

EXHIBIT 77: Letter from Canadian Cannery, Limited, listing principal commodities and prices.

The CHAIRMAN: Anything further before the Committee, before we proceed with the next witness?

Mr. SYMINGTON, K.C.: Mr. Chairman, in the Agricultural Conditions Committee there was an exhibit filed as No. 14A. Under the orders, as I understand it, from Parliament, these were transferred to this Committee, and I would like to have 14A filed as an exhibit.

The CHAIRMAN: I doubt my right to order an exhibit filed in another proceeding before this Committee, but I had the opportunity of looking at the exhibit, and I find it is in duplicate, and being in duplicate, I will order one of the duplicates filed, while the other remains where it is.

Mr. MONTGOMERY, K.C.: What is it?

Mr. SYMINGTON, K.C.: A printed case of the flour people following Sir Henry Drayton's report. It is on the differential question.

Hon. Mr. STEVENS: Are you going to examine in regard to it?

Mr. SYMINGTON, K.C.: I had not intended to.

The CHAIRMAN: I will order a duplicate filed.

EXHIBIT 78: Duplicate copy of Exhibit 14A before the Agricultural Conditions Committee.

The CHAIRMAN: We will have it if we need to refer to it. It may be of some value. What is the next item of business. Mr. Symington, have you another witness?

HERBERT T. SHAW, called, sworn and examined.

Q. Your full name is Herbert T. Shaw?—A. Yes.

Q. Where is your home?—A. Montreal.

Q. Your business?—A. Sole leather.

Mr. RINFRET: What is his name?

The CHAIRMAN: His name is Herbert T. Shaw; he lives in Montreal and his business is sole leather.

By the Chairman:

Q. Are you a manufacturer or dealer, or both?—A. Manufacturer.

By Mr. Symington, K.C.:

Q. What is your company, Mr. Shaw?—A. The Anglo-Canadian Leather Company.

Q. What is your position?—A. I am the treasurer.

Q. Your company is the Anglo-Canadian Leather Company?—A. Yes.

Q. What is the nature of that business?—A. We manufacture sole leather.

Q. That is you tan and manufacture?—A. Yes. We buy the raw hides and manufacture them into sole leather.

Q. Do you do an export business?—A. We do.

Q. How long has your company been in business?—A. Well, under different names, for fifty years.

Q. Now, have you a list of the rates on leather from Montreal to Liverpool?—A. I have.

Q. Would you give the Committee just what the rates were, extending over a period?—A. The rates on sole leather, from Montreal to Liverpool, in 1909, 1910 and 1911 were 21.7 cents per hundred pounds.

By Mr. Montgomery, K.C.:

Q. If you will give us those, so we will be able to register them—we are not shorthand writers?—A. 1909, 1910 and 1911, 21.7 cents per hundred pounds; in 1912, 32.5 cents per hundred pounds.

By Sir Eugene Fiset:

Q. From where?—A. From Montreal to Liverpool. In 1913, 34.2 cents; in 1914, the same. The average for the six years preceding the war was 27.69 cents per hundred pounds.

By Mr. Symington, K.C.:

Q. What is the present rate?—A. 85 cents per hundred pounds.

By the Chairman:

Q. That is, 1925, 85 cents?—A. Yes.

By Mr. Symington, K.C.:

Q. There seems to have been a considerable increase between 1911 and 1912, Mr. Shaw?—A. Yes, sir. I noticed that when I made these figures up.

Q. That is there is an increase of over ten cents between 1911 and 1912? The present rate is four times the 1911 rate, from your figures, and about two and what?—A. 2.4 times the 1914 rate.

Q. Have you exported? Have you got a list of your exports, the amount of your exports?—A. For twelve months, ending July first, 1914, we exported 1,731 tons to England.

Q. Ending July first, 1914?—A. Yes.

[Mr. Herbert T. Shaw.]

By Mr. Duff:

Q. Have you got a copy of that to give to Mr. Montgomery, instead of taking down all these figures?—

The CHAIRMAN: No. Go ahead, Mr. Shaw.

The WITNESS: Our exports to England in 1922 were 322 tons; in 1923, 655 tons; in 1924, 813 tons.

By the Chairman:

Q. May I inquire whether the rate went down or up between 1922 and 1924, the ocean freight rate?—A. The tendency was down; the exact dates, I forget.

Mr. SYMINGTON, K.C.: I can give you that, I think, Mr. Chairman, from their exhibit No. 53. It was one dollar in 1922; 75 cents in 1923 and 85 cents in 1924, the last item on Exhibit No. 53.

Mr. DUFF: Was that the highest during the whole of the period, one dollar?

The CHAIRMAN: The 1919 rate was \$2.50, after the war. In 1920 it was \$2.50; in 1921 it was \$2.

By Mr. Symington, K.C.:

Q. Now, Mr. Shaw, do you import some hides?—A. Yes, we always have imported hides from South America.

Q. What are the rates on hides from South America?—A. Well, on dry hides, I find, in 1913, we imported dry hides from the Argentine for 80 cents a hundred, and also at 70 cents a hundred pounds. In 1921 the rate broke down to—Well, it had gone higher during the war, of course, but in 1921 the rate was 50 cents, and 50 cents in 1922; fifty-five to sixty cents in 1923, and as low as 45 cents in 1924, against the 1913 rate of 70 and 80 cents.

Q. That is, the rate on dry hides from South America is 25 to 30 cents lower than the pre-war rate?—A. Yes, the rate on dry hides is now lower than the 1913 rate.

Q. What is the distance from Buenos Aires, South America?—A. I know it is more than double the distance to Liverpool from Montreal.

Q. More than double the distance?—A. More than double the distance.

By the Chairman:

Q. I did not catch the rates on dry hides from Buenos Aires to Montreal?—A. To New York and Boston.

Q. Would you mind giving them again?—A. In 1913 they ran from 70 to 80 cents.

Q. Per hundred pounds?—A. Yes.

By Mr. Symington, K.C.:

Q. In 1921?—A. 50 cents.

By the Chairman:

Q. In 1922?—A. Fifty cents; in 1923, from 55 to 60 cents; in 1924, the top rate was 60 cents, and the bottom rate was 45 cents.

Q. Have you got the 1925 rate?—A. No.

Mr. SYMINGTON, K.C.: That is as far as the hide—

By Mr. Montgomery, K.C.:

Q. You have no import rate for 1925?—A. We have not imported any hides, this year, from there.

By Mr. Symington, K.C.:

Q. The point being that hides into New York from South America, from which this leather is made, are lower than the pre-war rate?—A. Yes.

[Mr. Herbert T. Shaw.]

Q. But your finished leather is what you have given us, four times the 1911 rate and 2.4 times the 1914 rate?—A. Yes.

Q. Now, what effect has that had on your business, Mr. Shaw?—A. Well, it naturally discourages us from producing leather and sending it to England.

Q. How do you mean, that it discourages you?—A. Because there is a high freight on leather to England and because it comes out of our pocket, and the higher it costs, the more comes out of our pockets. It is a dead loss to us.

By the Chairman:

Q. The higher it costs, the fewer you export?—A. Yes.

By Mr. Symington, K.C.:

Q. Has it interfered with your exports?—A. If you will notice we increased our exports during 1922, during 1923 and 1924. During that period we were trying to show that we could build up our business in England, which we had lost during the war and the actual figures show that we did build it up, as far as customers are concerned, but from a financial point of view we have come to the decision that we will not press that business at the present high rates.

Q. Did you have any considerable part of the market prior to 1914?—A. We did a large business in England.

Q. I see you did; 1,731 tons, in 1914?—A. It was a large business there.

The CHAIRMAN: You might ask the witness—perhaps I might ask him.

Mr. SYMINGTON, K.C.: You ask him.

By the Chairman:

Q. Do you know what ships carry raw hides from Buenos Aires to New York? Do you know whether they are Conference lines or tramps?—A. I understand there was no Conference rate on hides. They get the best price they can. That is my understanding of the situation. I have the bills of lading here from the Houston Line, Barber and Company, the Commercial South American Line, Moore and McCormick; that is the Commercial South American; Lampert and Holt, Christophersen—that seems to be a Danish or Swedish line; the Norton Line of steamers, the Wilhelfson Steamship Line. That seems to be all I have here.

By Mr. Symington, K.C.:

Q. You say it is your understanding that there is no Conference rate on hides from South America?—A. That is my understanding.

Q. Now, have you taken this matter up, from time to time, for the purpose of getting this adjusted?—A. I started to try and get our rates reduced back in 1920. I have been at it for five years.

Q. Are you still at it?—A. No, I cannot waste my time at it any more.

Q. What is the answer they gave you?—A. The usual reply was, if we reduced the rate we would not get any more business, so why reduce it? And that there was a certain amount of business being done there; and another answer, they would give, was that we were on even competitive terms with American tanners, and if they reduced the rates here, they would have to reduce them to the American tanners and we would be no better off.

By Mr. Duff:

Q. What other competitors would you have besides the American?—A. The competition we wish to meet is from the English tanner in England.

By Mr. Symington, K.C.:

Q. What is actually your request, Mr. Shaw?—A. Our request is that we be given a fair rate on sole leather from Montreal to England.

[Mr. Herbert T. Shaw.]

Q. To meet, not American, but English competition.—A. To meet English competition, not American.

By the Chairman:

Q. Did you ever inquire what the rate on raw hides was from Buenos Aires, say, to Liverpool?—A. No, I never did.

Mr. DUFF: About the same as to Canada.

By Mr. Halbert:

Q. What do you mean when you say a fair rate?

By Mr. Duff:

Q. Do the English tanners buy their hides in Buenos Aires?—A. Yes they buy some there.

Q. A great many there.—A. Yes.

By the Chairman:

Q. Mr. Halbert asked you what you would consider a fair rate.—A. I should add forty per cent to 27 and you get 38. That is my answer as to what I would consider a fair rate.

By Mr. Symington, K.C.:

Q. What is that again?—A. Forty per cent of a general freight rate level for the six years preceding the war. When I say forty per cent, I believe that is the increase the steamship lines got on their general average cargo.

By Mr. Halbert:

Q. Do you consider you are discriminated against on leather?—A. I consider I am paying a bonus, when they charge me 85 cents; I am paying someone else's bills.

By Mr. Symington, K.C.:

Q. Is there a large market in England for sole leather?—A. Well there are forty million people there.

Q. And you think that your exports could be increased?—A. They could, at least fifty per cent.

Q. Have you a letter you wrote on December 19th to Mr. Kirkpatrick of the C.P.R.?—A. I have.

Q. Would you produce it please?—A. Yes, this is a copy.

Q. This is a letter from the Anglo-Canadian Leather Company to Mr. W. M. Kirkpatrick, Foreign Freight Traffic Manager of the Canadian Pacific Railway, Montreal. It is dated December 19, 1924, in re "Ocean Rates on Sole Leather, Canada to Great Britain":—

"We enclose copy of letter written Sept. 29/24 by Mr. Brown of the Transportation Department of the Canadian Manufacturers Association, Toronto, on the subject of ocean freight rates on sole leather from Canada to Great Britain.

"During the past two years we have been endeavouring to rebuild our English leather business in spite of high freights. We have come to the conclusion that it is impossible to do anything but spasmodic business, and we expect figures of shipments next year will show up this way.

"With reference to your remarks to Mr. Brown in your letter to him last September, that you do not believe that there will be any increased tonnage resulting from a rate reduction—some years ago when

[Mr. Herbert T. Shaw.]

we were shipping practically nothing, the same argument was used to stop a reduction on a rate which stood at ten times the pre-war rate. In using the same argument to prevent a reduction on a rate which stands over three times where it stood in 1914 the steamship interests have as good an argument as they previously had—i.e., (in our opinion) no argument at all.

“In looking over our shipments this year to points where the C.P.R. run steamers, we find we shipped as follows:—1,356,079 pounds per C.P.R., 408,593 pounds per White Star, 126,275 pounds per Donaldson Line. In most of the cases where leather was shipped per White Star and Donaldson Line, the reason why it was not shipped per C.P.R. was because, (1) the C.P.R. had no boat running from Montreal, or (2) some leather was shipped by another line to avoid mixing with a shipment being made at the same time over the C.P.R.

“In short, we have deliberately been throwing our business into the hands of a Canadian company in preference to foreign owned steamers.

“As far as we can judge, the various applications we have made for freight reductions are treated from the point of view of ‘what we have we hold.’ All we can say is this, that if you are not willing to listen to the arguments made in favour of reduction in ocean rates on leather to England and treat the case fairly on its merits, we will in future make our shipments (small though they may be) by lines other than the C.P.R.

“Yours truly,

“ANGLO-CANADIAN LEATHER COMPANY, LTD.”

Q. Did that bring any reply, Mr. Shaw?—A. Yes, I was visited by a representative of the C.P.R., but he did not offer to cut the rate. In fact, I might say I was visited by, I think, Mr. Kirkpatrick, and he told me why he could not cut the rate. He explained that they were carrying a great many commodities, or a certain number at very low rates, and he had to charge me a high rate **on my sole leather** so that he could break even. I explained to him that that had been my whole contention for five years, but that if he pursued the same line of conduct he would only cut down my business.

Q. Have you anything more you want to say to the Committee?—A. I don't think so.

By Mr. Halbert:

Q. Did he tell you what lines he was carrying cheap?—A. He mentioned flour, I think, for one thing, and wheat, certainly. I don't remember any more.

By Mr. Montgomery, K.C.:

Q. And you cannot see why you should pay a higher rate, owing to the fact that they have not seen fit to increase the wheat and flour rate?—A. No, I cannot see why I should pay a bonus to any one.

Q. So that your idea is that this percentage of increase there has been between 1913 and 1924, or 1925 say, should be made more or less flat across the whole line of commodities?—A. Well my contention is that if they charge me the present rate, my business will be curtailed and kept down.

Q. I understand that, and we will come to that. Let us clear one point at a time. I think you have stated it quite frankly, Mr. Shaw, and there is very much to be said for your argument from one point of view; there are lots of different views on it, but you are setting up your case on principle, that even assuming there has been a general increase in expenses in carriage, that that should be spread evenly over the several commodities carried?—A. Well I admit

[Mr. Herbert T. Shaw.]

the steamship companies may have their difficulties and I do not pretend to solve them for them. They will have to solve their own business. I can only tell them what will happen if they charge me a high rate on my product.

Q. In any event, assuming it were true that they were carrying wheat and flour at pre-war cost, and had increased your costs more than their due proportion, that is something that strikes you as unfair and you complain about it?—A. I do.

Q. In other words, you have worked it out to a percentage, you have assumed that their general increase in cargo rates over all is forty per cent I understand?—A. Yes.

Q. And that includes wheat and flour?—A. Yes.

Q. And consequently your suggestion is that your rate should not be increased more than forty per cent over the average of the five years preceding the war?—A. I made another point.

Q. Just a moment; take one point at a time, Mr. Shaw.

By the Chairman:

Q. Is that your contention?—A. Would you just repeat that again.

By Mr. Montgomery, K.C.:

Q. May my last question be read to the witness, please.

By order of the Chairman, the reporter reads, as follows:

"Your suggestion is that your rate should not be increased more than forty per cent over the average of the five years preceding the war."

A. That is right.

Q. Now in calculating that forty per cent, I wonder if you have been quite fair in taking 27.69, as you say is the five years' average, instead of taking the 1913 rate which you gave us as 34.2.—A. I consider if I take the average rate for the six years prior to the war, that I am taking a very fair rate for the steamship companies.

Q. Let us test that now. In the first place, as regards their rates, is the forty per cent increase that you have suggested, an increase relative to the 1914 rate or to some average rate over a period of years?—A. I should want to pay not more than a forty per cent increase over the six years' average.

Q. I know, but you have assumed forty per cent in the first instance as being the general increase in the percentage of rates, or the general increase in rates. Is that comparing 1924 with 1913 or with 1909?—A. That forty per cent is not worked out to a decimal point. It is a principle.

Q. I know, but you have not been here all the time, Mr. Shaw, and I may tell you that we have it in evidence that the general increase in rates was as you say about forty per cent as compared with pre-war, which we have taken roughly to be 1913, and I assume you have got your information in a similar manner.—A. I got my forty per cent from a speech made by Mr. Meighen in the House.

Q. I see. Then we will assume that to be a reliable authority.

Hon. Mr. STEVENS: I think we should have the whole speech in, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. Do you know what rates he was comparing, pre-war with the present time?—A. (Reading) "He proceeded to quote from a summary of comparative rates for the North American area,—placing the average rates over the 15 years 1898 to 1913 as 100. On this basis the rate in September 1924 was 138.94; in November of the same year 137.52. And in February of the present year 146.5." I use the figure forty per cent more as a principle than to get down to hard figures.

[Mr. Herbert T. Shaw.]

Q. It is a little hard following those figures; are you able to decipher from them, that in taking a percentage of increase for 1925, was he using 1913 as the basis or an average of a period of years before that?—A. I would say he was going further back.

Hon. Mr. STEVENS: He gave the years, Mr. Montgomery.

Mr. SYMINGTON, K.C.: 1898 to 1913.

By Mr. Montgomery, K.C.:

Q. I assume as a business man, you would recognize that every industry, whether it be that of carrying goods, or of manufacturing leather, has to be allowed to make a fair profit?—A. If they can get the profit. They cannot always get a profit.

Q. I want to get your theory of the thing. Is it your suggestion that if an increase of forty per cent only over that average of years should result in a loss in the carriage of your commodities, the goods should be carried at a loss?—A. You mean if the steamship companies suffer a loss by carrying my goods, should I ask them to carry them?

Q. Yes.—A. I think in this case I would ask them to carry them at that rate.

Q. No, please; face the issue frankly, Mr. Shaw. Is it your suggestion that if the increase of forty per cent only is applied, but the rate which you are asking is one that would clearly lead to your goods being carried at a loss by the steamship companies, would you suggest that that rate should be applied?

The CHAIRMAN: Well, Mr. Montgomery, suppose he did suggest that, do you think the Committee would attend very much to his suggestion?

Mr. MONTGOMERY, K.C.: I would like to hear what he says. It is interesting to get a witness' point of view.

The WITNESS: Well, I admit frankly that I cannot solve the steamship company's problems; I can only deal with my own commodity.

By Mr. Montgomery, K.C.:

Q. But you are doing business in Canada, Mr. Shaw; you are interested, are you not, in seeing our ports and steamship services developed?—A. Yes, certainly.

Q. Quite apart from your own particular industry of manufacturing sole leather? Your interests are not confined to that are they?—A. No, they must be general.

Q. Then looking at it from that point of view, what would be your answer to my question? Is it your suggestion frankly, as a business man, that you would ask for a rate which you knew could only be granted you at a loss to the carrier?—A. Well, I should have to ask them to consider my application on its merits.

Q. I think you have asked them to do that, have you not?—A. Yes.

Q. Did they explain to you that on account of the large number of lower class commodities to be carried, on which there was practically no increase, they had been obliged to apply a somewhat larger factor of increase to your and other commodities, which you did not think was fair; do you think that is a fair statement?—A. I don't think it is fair.

Q. You do not think it is fair?—A. To charge me the present rate.

Q. That is really the principal reason of your complaint, to get right down to it?—A. The principle of my complaint is that I do not consider they listened to my arguments.

Q. I think that is hardly fair, Mr. Shaw; you had a personal visit from Mr. Kirkpatrick, hadn't you?—A. I don't think they listened to my arguments.

[Mr. Herbert T. Shaw.]

The CHAIRMAN: Even if they did listen to them, they did not heed them, they did not comply.

By Mr. Montgomery, K.C.:

Q. In other words, you were not able to convince Mr. Kirkpatrick that you were right, and he was not able to convince you that he was right?—A. That is so.

Q. That is about it?—A. Quite so.

Q. Supposing you had the handling of that business for yourself, Mr. Shaw—leaving the leather business for the moment, and should be made the responsible party for fixing these rates, you would try and do it so that the ships would get sufficient profit to induce them to come to our ports, would you not?—A. Well, Mr. Montgomery, I really could not advise the steamship companies how to operate their lines, or how to fix their rates. That is a bigger task than I would care to tackle.

Q. But you must not forget that you have been trying to do that; you have told them that they should apply flat increases over all; you have undertaken that responsibility, and it is my duty to ask you a few questions about it; what would you do, would you try and work out some schedule of freights on our principal exports that would give them their expenses and a reasonable profit?—A. Well, I do know on general principles that it is not human nature to cut your costs unless you are forced to.

Q. If you will follow me along a little bit, I think we will come to a better understanding with each other. I asked you if you would consider it fair, if you or any other person were called upon to fix rates, that you would endeavour to fix a rate of freights as applied to all our commodities that would give the ships a sufficient profit, we will say, to induce them to keep up their trade; would that be good business, or bad business?—A. Anybody fixing rates could hardly act differently.

Q. If you were in the position of fixing rates, and you found that for one reason or another 60 per cent of your freights could not be raised, what would you do, would you cut the boats out, or increase the others that would stand the increase?—A. Well, possibly they would have to run as they are running now.

Q. At a loss?—A. Are they running at a loss now?

Q. I am just wondering, because we have worked on the principle, Mr. Shaw, that there has been an increase in costs, which had to be taken care of—that is correct—everybody recognizes that, do they not?—A. Since when?

Q. As between pre-war days and the present time?—A. Yes, costs have risen.

Q. And that increase in costs has to be taken care of in some form?—A. Of course.

Q. And it has to be applied to all or a portion of the goods carried; is that correct?—A. It has to be taken care of.

Q. Supposing you were up against this problem, that for some reason or other the major portion of the cargo could not be increased—I refer frankly to wheat and flour?—A. I would be in a very unfortunate position, I would say.

Q. You would try to get yourself out of it?—A. Yes.

Q. What would you do to solve it; what would you do about it?—A. I would do what they are doing now.

Q. I don't think I have any further argument with you, then, Mr. Shaw. Now let us take up another thing. Can you tell us what your selling price was, laid down in England, in 1913?—A. Our shipments to England in the 12 months ending July 1, 1914, ran 26.1 cents I think, per pound.

Q. In 1914?—A. Yes.

Q. And in 1924 or 1925, whichever you can give us?—A. In 1924 I think they were worth about 24½ cents.

Q. Let me point out to you in that connection an article which I have here, and see if that will account for it. I am quoting for your information from a survey which I am using, a line of tables which I assume to be accurate:

“Foreign competition has proved a large factor in the lower production cost in European countries.”

Is that correct?—A. What countries are you referring to?

Q. First, would you agree with that as a general principle?

Mr. SYMINGTON, K.C.: What is this book my learned friend is quoting from?

Mr. MONTGOMERY, K.C.: It is the Financial Post book.

Mr. SYMINGTON, K.C.: Does it apply to Canada, or to England?

Mr. MONTGOMERY, K.C.: To Canada. /

By the Chairman:

Q. Mr. Montgomery asked you about the selling price in England. The selling price in 1924 in England was, what?—A. 24 cents.

Q. Per pound?—A. Per pound.

Q. In England?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In 1913 what was it?—A. I cannot tell you that. I never made out the figures.

Q. In 1914 they might have been subject to very great fluctuations on account of the outbreak of war. July 1, 1914, was what you gave me?

Mr. RINFRET: That was distinctly a pre-war price.

The CHAIRMAN: Apparently from what he says, the price in 1924 was lower than the pre-war price.

By Mr. Montgomery, K.C.:

Q. According to these statistics they were exporting sole leather from England then?—A. I have never run across any.

Q. They gave the Canadian imports for 1922, 1923 and 1924, sole leather from the United Kingdom, also from the United States. They dropped considerably in 1923, and rose again in 1924?—A. That was from the United Kingdom, probably belting leather.

Q. This is given under the heading of Sole Leather. Belting Leather is given separately altogether.

Mr. DUFF: What about westbound, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I handed the westbound tariffs to my learned friend and I have not seen them since.

Mr. SYMINGTON, K.C.: Look for them among all these papers and you will find them.

The CHAIRMAN: If they got their raw hides very much cheaper than our Canadian manufacturers of leather are able to get them, they might possibly send them out here.

By Mr. Montgomery, K.C.:

Q. In connection with your English prices, what years did you give us?—A. 1913 and 1914.

Q. And what was the 1924 price?—A. The value in the month of July, 1924.

[Mr. Herbert T. Shaw.]

Q. Please be fair with us, Mr. Shaw. There might be some difference there. You were comparing the returns for the year ending July 1, 1914; it would be safer to compare them in some way with the year ending July 1, 1924. You might give us the spot rate?—A. I do not believe there could be any great difference.

Q. You have all these statistics. If you are able to give them to us for the year ending July 1, 1914, why are you not able to give us similar information for the year ending July 1, 1924?—A. I have not got the figures with me.

Q. But you got them out, you do not carry them in your head; you got them out for the purposes of your examination to-day?—A. I got that figure in reply to an inquiry, the 1924 figure.

Q. An inquiry from whom?—A. From the steamship company.

Q. You got that figure out in reply to an inquiry from the steamship company?—A. From the Canadian Manufacturers' Association, in connection with the steamship business.

Q. But not exactly from the steamship company?—A. Not exactly.

Hon. Mr. STEVENS: Mr. Montgomery, if you do not mind asking the witness, would it be possible to get the price of sole leather for the corresponding periods for which we got the freight, in 1909, 1910, 1911 and 1912? I think that is the only fair way.

By Mr. Montgomery, K.C.:

Q. Have you that information here, Mr. Shaw?—A. No.

Q. Will you kindly get us a table showing the selling prices in England for the same periods for which you quoted the freight rates?

Hon. Mr. STEVENS: At Montreal, f.o.b. export. Send it on both, and the same figures on the hides. We can then get a fair comparison of the freights.

Mr. DUFF: United Kingdom, or f.o.b. Montreal?

Hon. Mr. STEVENS: Landed in England.

By Mr. Montgomery, K.C.:

Q. What was the figure you gave us for the month of July, 1924?—

A. Twenty-four cents, I think.

Q. Twenty-four cents per pound?—A. Twenty-four cents per pound. That was the value of leather landed in England at that time.

Q. Twenty-four cents a pound?—A. Yes.

Q. I assume you have a large domestic business in Canada, Mr. Shaw?—

A. Yes.

Q. What is your selling price in Canada to domestic consumers?—A. You would have to know the different grades. There are lots of different grades. The simplest way to answer that question is this: we sold a line of leather at nine pence per pound, the customer paid that much, and we sold the same leather to the Canadian customer at 18 cents a pound.

Q. That would be practically the same thing?—A. Yes, to the consumer.

Q. You have mentioned one particular line. But that does not check very well with your figure of 24 cents, which was your selling price in England. That was something special, evidently?—A. As I remember that figure, it was a standard line of average leather.

By Mr. Symington, K.C.:

Q. Which figure?—A. Twenty-four. That was a standard line of leather, an average line of leather.

By Mr. Montgomery, K.C.:

Q. What was your 1914 figure?—A. I added up these values, Mr. Montgomery.

[Mr. Herbert T. Shaw.]

Q. But what line of leather was that applied to?—A. My figures in 1914 were for all the leather I shipped over there.

Q. So that we have three different prices then; for 1914 we have the average of all the leather you shipped over there?—A. Yes.

Q. For 1924 you took a standard form of leather?—A. Yes.

Q. Not the average over all?—A. No.

By the Chairman:

Q. Of course that comparison might be quite unfair?—A. It might.

The CHAIRMAN: The proper thing to do, Mr. Montgomery, if I might suggest, is for the witness to include what he sent over in 1924 to the old country, and treat it exactly in the same way as he did to find out the price in 1914.

Mr. SYMINGTON, K.C.: Perhaps the witness can tell why he did that, Mr. Chairman.

By Mr. Symington, K.C.:

Q. Why did you take 1924 and the average in 1914?—A. In 1924 I was asked to state what was the value of leather landed in England. I sat down and figured on a standard line, and found what the average was.

By Mr. Montgomery, K.C.:

Q. For the purposes of your last question, you might give us your domestic price. You have had something else, which was considerably lower than anything else, 18 cents in Canada; that is presumably something below the average?—A. That line is below the average price of leather.

Q. So that that is the third thing you picked out for comparative purposes; don't you think you can give us something at the present time a little bit fairer, and which will be a little better comparison?—A. I could not, at the present time.

Q. But you must realize that your evidence will be very unsatisfactory upon that point, Mr. Shaw, to me at least.—A. I realize that if you want to compare things you must compare the same things.

Q. And you frankly are not doing so?—A. In this case, no.

The CHAIRMAN: May I just interject a question?

Mr. MONTGOMERY, K.C.: Yes, sir.

By the Chairman:

Q. Mr. Shaw, is leather of the sorts that you sell cheaper in England to-day or dearer, or the same price, as compared to ten years ago, say in 1914, before the war?—A. I should say the price of sole leather to-day is about the same as it was in 1914.

By Mr. Montgomery, K.C.:

Q. You mean both in Canada and in England?—A. Both in Canada and England.

By Hon. Mr. Stevens:

Q. What about the price of hides?—A. The price of hides is lower than it was then.

By Mr. Montgomery, K.C.:

Q. The price of hides is lower to-day than pre-war?—A. It is.

Q. And the price of leather is about the same?—A. Yes.

[Mr. Herbert T. Shaw.]

By the Chairman:

Q. And the freight rate is two and four-tenths higher?—A. Yes.

The CHAIRMAN: Is not that about what we want to get at, Mr. Montgomery? Is it not the general picture we want to get?

Mr. MONTGOMERY, K.C.: Yes, plus the witness's real grievance, which is that the freight rate has not been—

The CHAIRMAN: His grievance is this, if I may sum it up. I feel we have to drive on a bit, and I will sum this up and if it is unfair at all you will object. The witness says, in effect, "I am getting the same thing for my finished product, about the same thing, as I got ten years ago. I am paying a little less for my raw material."

Mr. MONTGOMERY, K.C.: He has not told us whether it is little or much.

The WITNESS: I am paying less for hides.

By the Chairman:

Q. Are you paying much less or about the same?

By Hon. Mr. Stevens:

Q. Give us the figure?—A. Different hides have varied in price. I will take one hide; in 1914 18½ cents; to-day 15¾ cents.

By Mr. Montgomery, K.C.:

Q. What kind of hide is that?—A. A South American packer steer.

Q. What is your average hide, the hides of which you get large shipments, out of which you make sole leather? That is what we are interested in.—A. That is a standard sole leather hide.

By the Chairman:

Q. Am I right in saying that the price of your raw material is somewhat lower?—A. Yes.

Q. "The price that I have to pay to send my finished product to Great Britain is two and four-tenths higher."—A. Yes.

Q. That is your evidence?—A. Yes.

Mr. MONTGOMERY, K.C.: Have you finished, Mr. Chairman?

The CHAIRMAN: Yes, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. I understand that the cost of your raw materials, from the example which you have given us, is about 20 per cent lower?—A. The hides?

Q. Yes, the hides.—A. Not quite.

Q. Now, have you figured out what percentage your total freight bears to your finished product?—A. Well, we used to figure the freight was about one per cent of the value of the leather. It used to be.

By Mr. Rinfret:

Q. How much did you say?—A. Freight used to be one per cent of the value of sole leather.

By Mr. Montgomery, K.C.:

Q. That was not a very heavy burden to the industry, was it, Mr. Shaw?—A. It was enough.

Q. As a matter of fact, have you ever studied what the rates were and what percentage they bore to the value of the average commodity?—A. You mean other rates?

[Mr. Herbert T. Shaw.]

Q. Yes, have you ever take that up?—A. No.

Q. I think you would find, Mr. Shaw, that that is an abnormally low rate as compared to the average commodity. It could not be very much lower, could it?

Mr. SYMINGTON, K.C.: What is it now? That is what it used to be.

By Mr. Duff:

Q. What is it to-day, Mr. Shaw?—A. It is three times instead of one.

By Mr. Montgomery, K.C.:

Q. In other words, your rate is now about three per cent of the value of the product?—A. Yes, of the value.

Q. How do you sell, on a selling commission over there? Have you any sales agents there?—A. We sell on commission, yes.

Q. You have agents selling your stuff on commission in England?—A. We sell through commission houses.

Q. In England?—A. Yes.

Q. I do not want to pry unduly into your business, but what is the average commission paid?—A. Five per cent.

Q. So that your total freight, even at the present time, is a little more than one-half—the cost of carrying goods from here to the United Kingdom is a little more than one-half of what you pay a broker in London for merely turning over the sale?—A. Yes.

Q. And the fluctuations in the market are frequent, I suppose?—A. Yes.

Q. And the range of the fluctuations, we will say, which occur during any one month, what would they be, taking an average month?—A. Well, I have seen fluctuations in hides in the course of a year and a half between twelve and twenty-four cents, up and down.

Q. That is a range of a one hundred per cent increase, roughly. Twelve cents to twenty-four, did you say?—A. Yes, twelve to twenty-four.

Q. So if your freight was cut in half it would only be a matter of one and a half per cent on the selling price of the goods?—A. Yes, instead of three; that is correct.

Q. Have you any idea how leather shows in comparison to flour and grain?—A. No; I never studied those other commodities.

Q. Perhaps you can tell me about your own. Do you know how it stows?—A. They figure sole leather stows 26 pounds to a cubic foot.

Q. Have you ever figured that out, how many cubic feet to the ton that would make?—A. There are 40 cubic feet to a ton, I believe.

By Mr. Duff:

Q. That is 1,040 pounds to the cubic ton. That is right, is it not?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Perhaps if you can work it out for me; we have had so many things applied to the ton, perhaps you can give it to us.—A. 1,040 pounds to a cubic ton.

Mr. DUFF: Or to a deadweight ton.

Mr. MONTGOMERY, K.C.: Yes.

Mr. DUFF: It does not go quite half, you see. A deadweight ton is 2,240, and this is 1,040.

The CHAIRMAN: Perhaps Mr. McKenzie has a question he wishes to ask.

Mr. MCKENZIE: I just had one to prompt Mr. Montgomery with.

[Mr. Herbert T. Shaw.]

Mr. MONTGOMERY, K.C.: I have been trying to get Mr. McKenzie to question some of the witnesses.

The CHAIRMAN: As Chairman of the Committee, I order him to go ahead. Mr. McKenzie, finish up the examination of this witness.

Mr. DUFF: Did you find out about the westbound freight rate on leather?

Mr. SYMINGTON, K.C.: We are just figuring it out. Mr. Marlow figures it at eighty shillings, and I make it seventy shillings. We are just checking it. It is sixty-five shillings, I think.

Mr. MONTGOMERY, K.C.: I think in any event you will find westbound freights are lower than eastbound.

The CHAIRMAN: Because there is less demand for space.

Mr. SYMINGTON, K.C.: Sixty-five shillings a ton.

The CHAIRMAN: Are there any further questions, either by Mr. Montgomery or Mr. McKenzie? Have the members of the Committee any questions to ask Mr. Shaw?

By Mr. Stork:

Q. There is one question I would like to ask. Just while we are on the price of hides, Mr. Shaw, you said a while ago that the price of South American hides was approximately 18 cents a pound?—A. 18½ I said.

Q. What prices are paid for Canadian hides?—A. You see, you are not comparing the same thing there again. They are a different article, and even these rates fluctuate during the year, because the quality fluctuates according to whether they are winter or summer hides.

Q. What is the average value of Canadian hides, per pound?—A. You mean to-day?

The CHAIRMAN: Give us to-day.

Mr. STORK: I suppose it will be based on the 18½ cents for American hides.

The WITNESS: The standard steer hide to-day is worth 13 cents.

By Mr. Stork:

Q. Is it as good a hide as the South American hide?—A. No, it is not as good.

Q. Why not?—A. Unfortunately they are what we call "grubby"; the grubs damage the hides, and at the present time they are taken off in the month of May, and they are not in as good condition as though they were taken off in July or August. All that produces the price per pound.

By Mr. Montgomery, K.C.:

Q. Did you understand, Mr. Shaw, that you were to give us the comparative sale prices of your sole leather in Canada and the U.K. respectively, for the year ending July 1, 1924?

Hon. Mr. STEVENS: For dates corresponding to those dates of freight.

Mr. MONTGOMERY, K.C.: I wanted the comparative selling prices here and in the U.K. He gave us only one commodity, which was an 18-cent commodity, and I wanted his average over all.

The WITNESS: I can look that up.

The CHAIRMAN: You will look it up, please, and send it to me.

By Mr. Montgomery, K.C.:

Q. And you will see, Mr. Shaw, that they are put on exactly the same basis; that is, the selling price there as compared with here.—A. Yes.

Q. That is net to you?—A. Yes.

Q. Put it on a comparative basis.—A. You want a comparative basis.

Q. Exactly.—A. Very well.

By Mr. Symington, K.C.:

Q. Mr. Shaw, in those conversations, was it ever suggested to you that this rate was a losing rate to the steamship companies?—A. I believe Mr. Kirkpatrick told me they were not making any money at 85 cents.

Q. Why the discussion about the other lower rates, then?—A. Why was the discussion?

Q. Yes.—A. Because I was pressing him for a lower rate on my particular commodity.

Q. You said he told you he had a lot of commodities he had to carry at low rates?—A. Yes, and therefore he said he had to charge us what we considered a high rate to average up.

By Mr. Montgomery, K.C.:

Q. And he referred particularly to wheat and flour?—A. Yes, he mentioned wheat and flour.

The CHAIRMAN: I am sure, gentlemen, we are very much obliged to Mr. Shaw, and I will dismiss him with the thanks of the Committee.

Witness retired.

The CHAIRMAN: Who is the next witness, Mr. Symington?

Mr. SYMINGTON, K.C.: Colonel Mullins.

HENRY ALFRED MULLINS called and sworn.

By the Chairman:

Q. Where do you live, sir?—A. Winnipeg.

Q. What is your business, sir?—A. Cattle exporter.

By Mr. Symington, K.C.:

Q. Mr. Mullins, how long have you been in the cattle business?—A. 45 years.

Q. I understand you are the last of the cattle exporters who exported before the embargo was put on; is that right?—A. Yes, sir.

Q. And you are, I understand, General Manager of the Cochrane Ranch?—A. Yes, sir.

Q. Now, can you give us, first, the rate that you paid for cattle prior to the war?

The CHAIRMAN: Prior to the putting-on of the embargo?

Mr. DUFF: No, prior to the war.

Mr. SYMINGTON, K.C.: If he can go back as far as that, all right.

The CHAIRMAN: All right, proceed, Mr. Symington.

The WITNESS: Around the embargo—about that time—30 shillings, 35 shillings and an odd case of 45 shillings. I do not remember any higher rate. A copy of a bill which I have here from 1907, on a boat called the *Mareno*, the rate was 35 shillings, £1/15, payable in English currency.

By Mr. Symington, K.C.:

Q. I think it was stated by you some place that prior to the war the average might be fairly stated at 30 shillings or \$7.50 per head; is that right?—A. Yes; it would average about 30 shillings.

[Mr. Herbert T. Shaw.]

Q. That is \$7.50 per head?—A. Yes.

Q. Now, you are in the cattle business yourself in the West now?—A. Yes.

Q. Where is your market?—A. For cattle?

Q. Yes?—A. For the cattle I am feeding on my ranch, in England, in Scotland and in Manchester.

Q. Is that, generally speaking, the export market for western Canadian cattle?—A. Yes.

Mr. MONTGOMERY, K.C.: What were those ports, England, Scotland—

The CHAIRMAN: England, Scotland and Manchester.

The WITNESS: I should have said England and Scotland.

By Mr. Symington, K.C.:

Q. The ports being Glasgow and Manchester?—A. Yes.

Q. I understand you have just returned from the Old Country?—A. Yes.

Q. You were over there on business?—A. Yes, I looked into the Canadian cattle business while I was over there.

Q. What suggestions have you to make to the Committee with respect to the possibilities of the cattle business from Western Canada to the United Kingdom, with respect to ocean rates? Do you or do you not object to the \$20 rate?—A. Yes, I object to the \$20 rate, because it is stopping the steer from going to the British market, which the Britisher is asking for. We made a promise to them, while we were trying to remove the embargo, that we would send them an animal weighing from 1,000 to 1,100 pounds. Under the present \$20 rate it is absolutely impossible to ship that animal without a loss, from this country—from Western Canada.

Q. And is that the class of animals which Western Canada breeds?—A. That is the class of animals which Western Canada can raise plentifully.

Q. And to the best advantage?—A. To the best financial advantage in the West, on account of the conditions out there.

Q. That is, it is an animal which is fed on grain and grass and is finished in Scotland?—A. It is fed on grass during the summer time, taken in during the winter, kept in good flesh, and then sent over to Scotland for finishing purposes.

Q. And is it a fact that Canadian cattle finished in Scotland in that way command a higher price in the market?—A. Yes.

Q. For beef?—A. Yes, it brings the top prices.

Q. You say an animal weighing 1,100 pounds cannot stand the \$20 cattle rate?—A. No; positively no.

Q. And what would you say about the cattle industry in Western Canada being able to progress without being able to raise that class of bullock?—A. It is holding it back in the West, because a man has to send largely locally that class of animal, not having an export market. It is driving the cattle into other channels and subjecting them to paying \$2 per hundred duty into the United States. They have largely to go across the American Border into St. Paul. Train loads left last year which would have gone this way, if we could have shipped them at a figure to get them over to the market. The feeders in Great Britain are asking for that type of steer, which is being driven across the line.

Q. Do I understand that the \$20 figure applies, irrespective of the weight of the cattle?—A. Absolutely, except you put five in four spaces, which is suicide to the cattle industry.

Q. For smaller cattle you still pay the \$20 rate?—A. Yes.

Q. But if you put five in four—A. If you put five in four spaces, you are allowed 10 per cent off which brings it down to about \$18, but the crowding of five into four spaces was the reason why the embargo was placed by Great Britain upon Canadian cattle—

Mr. MONTGOMERY, K.C.: Oh, no—

The WITNESS: Just a moment, and I will explain it to you. (Counsel for the shipping companies indicating dissent). I am not a professional man, but I say "Yes." The crowding of cattle, five into four spaces, caused the animals to land over there deteriorated, and Great Britain placed the embargo against Canadian cattle on one cow alone landed off the *Mount Stephen*. I was there when it landed.

By Mr. Symington, K.C.:

Q. Do I understand you to say that you require a lower ocean rate for the lighter weight cattle? How about space? Have you anything to say about space?—A. No, it is not plentiful.

Q. Do you need more space?—A. Yes. I could do with a little just now.

Q. You mean you are short of space just now?—A. No, I am not particularly short, but I have a shipment coming through here and I could do with some more. I left them at home.

Q. I am not speaking of you personally, I am speaking of the industry. Could the cattle industry use more cattle space on boats now?—A. Yes.

Q. What is the effect of either the inability to export or the lack of space on the price of cattle generally, in Canada?—A. Well, it had its bearings yesterday in Toronto. The price of cattle was reduced yesterday on account of lack of space. A good many men in Toronto would have bought export cattle if they could have obtained ocean space in Montreal yesterday.

By Mr. Johnston:

Q. What effect did that have on the price yesterday?—A. Probably a half-a-dollar a hundred.

By the Chairman:

Q. Reduction?—A. Yes.

Q. A half-a-cent a pound?—A. Yes.

By Mr. Symington, K.C.:

Q. In the development of this cattle industry, do Ontario and the West ship at the same time? Is that the idea? Or have they seasonal shipments? Do you ship all the year round or when do you ship cattle to the old country?—A. We can ship all the year round, but Ontario has grass earlier than Western Canada, and they ship grass cattle earlier than we do. We are trying to educate the farmer to feed his rough grain and rough straw for the first six months of the year, so as to have all-year shipments, some out of grass, some out of feed, in Western Canada. Personally I am feeding from 200 to 300 each winter.

Q. And you think that Ontario and the West, with the development of the industry, would have all-year-round shipments?—A. I do.

Q. Now, with respect to heavier cattle, what is the situation?—A. We get a heavy bullock over for the same price.

Q. For \$20?—A. If it weighed 2,200, it would cost the same price as a thousand-pound one, unless we put five in four spaces.

Q. And the price, I understand, in England seems to be fairly good these days?—A. Yes, the market is good.

Q. What is the cause of that, do you think?—A. Well, it is due to the limited quantity going from here, and the ravishes of foot and mouth disease over the British Isles shortening the supply over there, and they have not as many home cattle and they are not going over in any great numbers from here—not nearly the numbers they can absorb over there.

Q. Who are the competitors with Canadian cattle in the English and Scotch market?—A. Ireland.

[Colonel Henry A. Mullins.]

Q. Anybody else?—A. A few stocker breeders in England.

Q. No foreign country; New Zealand—A. Not so far as live cattle is concerned.

Q. Or the Argentine?—A. No.

Q. So, apart from Ireland, Canada should have the field to herself?—A. Largely, yes. She has it with her well-bred cattle.

The CHAIRMAN: I would like to ask a question right here.

By the Chairman:

Q. I heard in Montreal the other day that the supply of stockers from Ireland had been reduced this year. Is that correct?—A. Yes, sir.

Q. Do you know the reason why?—A. Well, the Irish had a monopoly of the cattle market—on the store market—from September, 1892, and we were shut out, but he slipped on the breeding and his cattle are not as well bred as the Canadian stores. In the Perth market there were 100 Canadian stores and a bunch of Irish stores, and the Canadian stores were bought, while the Irish stores were left standing. The Canadian stores were bought but there did not seem to be any buyers for the Irish stores; the buyers seemed to leave the ring. They sought Canadian cattle first. Canada has a good reputation over there.

There is another thing which I might explain to this Committee, and that is that the offal from the Canadian cattle are healthy, and the Irish offal are diseased. A big percentage—most generally 33 per cent to 50 per cent—of the Irish offals are wrong. I have a statement from the Government Food Inspector at Woodside lairages at Birkenhead, dated March 20th, I think it was—however, the date is immaterial—where he showed me a bunch of Irish offals hanging on a hook, and he said they were all condemned; he showed me the Canadian offal—the liver and the heart—

By Hon. Mr. Sinclair:

Q. Tubercular?—A. No, sir, a flukey liver, due to snails coming up from the water and getting into the grass. He took one of the livers, and squeezed it, and pressed a snail out of it, and showed me what he called a flukey liver. I never saw it before but they were all condemned offals. That gave Canada a wonderful recommend, and he said, "how healthy and hearty those were". If the Canadian steer gets into the feed lot in Great Britain he goes ahead right from the day he goes in. He has no troubles with those livers.

Q. What rate would you say those bullocks could stand on the ocean?—A. This small cattle, if the present demand keeps up, we would say \$15.—A. \$12 rate would probably be a right rate. That would encourage the industry and make it possible to encourage the men out West, on the land, to go into the cattle business. It is the only thing that will save the country.

By Mr. Duff:

Q. And permit you to ship eleven hundred pound steer?—A. Yes.

By Mr. Symington, K.C.:

Q. A 1,200 to 1,500 pound steer, I believe?—A. Yes. Twelve to fifteen hundred pounds, and would permit us to ship the steer they are asking for in Britain.

Q. You have told us prices are high over there to-day.—A. Yes.

Q. What is the railway rate on cattle from Calgary to Montreal, for steers?—A. I have not got the rate from Calgary, but from Winnipeg to Montreal it is 85 cents. It used to be sixty and a half cents.

Q. That is an increase of forty and a half per cent?—A. Yes.

[Colonel Henry A. Mullins.]

By Mr. Duff:

Q. How much do you say it weighs? 1,100 pounds?—A. Yes.

By Mr. Halbert:

Q. Would not the same condition apply to Ontario as to the western country? You say it means the salvation of western Canada?—A. No. Eastern Canada is not subject to the heavy haul, the longer freight rate. You are closer to the market in Ontario than in the Canadian West.

By Mr. Symington, K.C.:

Q. That is on the side of cattle?—A. Yes.

By Mr. Halbert:

Q. There is another condition in Ontario, which you do not have in the West. The Ontario farmer is forced to keep his cattle for more than one reason. If he does not feed his cattle he cannot grow grain. In Ontario the people have to feed their cattle on the land and to put it back in the shape of fertilizer, put it back in the crop?—A. The Eastern farmer is coming—they should have smaller farms; he has to have them more fertile; he has to fertilize his farm, such as the ranch on my own farm. It was polluted with weeds, sow thistles and we went out and cleaned it off. We have to come back to the same condition that you are in in Ontario, clean the land, not very large farms, and make them more fertile.

By Mr. Johnston:

Q. There are some people in Canada who think we should ship our beef over there dead, in a chilled condition. Do you know that there is a large quantity of meat going into the Old Country market from the Argentine? Why could we not do that?—A. Dead beef?

Q. Chilled beef?—A. I want to say in respect to that, that I want to take exception to that remark. For three years I have not only fought the removal of the cattle embargo, and the man that makes the statement—

Q. I am not suggesting it. I am just asking you the question?—A. Yes. There are men who made the statement, and the statement was in our papers that there was a gentleman in the East who made the statement that Canada should go into the dead beef business. I state that the man who suggests that is playing into the hands of those in Britain that are looking for us to get into the dead beef business, because they cannot stand the competition of the Canadian steer. There are gentlemen who say that Canada should ship dead beef and Professor Wallace, of Edinburgh, said the same thing. These men, who cannot stand the competition of the Canadian bullock in England say "get into the dead beef business" and I am surprised that the gentlemen who should know better, say that we should ship dead beef. The Canadian Government tried it and they lost \$50 a head. I tried it out of Boston; I will not try it the second time. I may say again, to stop the dead beef talk, that the Harris Abattoir Company tried it, and Mr. McLean, in his statement before the meeting in Brandon said that he lost \$28,000. I know that to be a fact; and Mr. Fox, who is head of the biggest packing plant in Canada, says that Canada cannot ship dead beef. That is one of the statements that they like to see go broadcast over this country, because they use it against you in the Old Country and they quote men in authority, who state that Canada should go into dead beef, and they use those articles and cut those clippings out. It is absolutely wrong. Dead beef sold for ten cents a pound in the British market last year. Our live cattle to-day—and I have a cable here that has just come out—are selling for 13½ cents in Glasgow.

[Colonel Henry A. Mullins.]

By the Chairman:

Q. On the hoof?—A. On the hoof, and ten cents for dressed beef. I hope that will suffice in contradiction of the recommendation for the handling of dead beef, because you are playing into the hands of the enemy, and we have been trying for three years to get the type of cattle we used to ship so plentifully previous to 1922. It is the only thing that will save the country and allow us to get from the land to the markets of the world. As far as dead beef is concerned, to go into competition with South America—and I have just come from the Smithfield market—5½d. a pound is what they are getting and that demonstrates that it is absolutely impossible, and it is the wrong place to suggest that the Government Merchant Marine should handle it; it will be their funeral if they try to do so.

By Mr. Johnston:

Q. How is it that the Argentine is able to ship chilled beef to the Old Country?—A. They have to cross the equator. They tried live cattle. It is impossible, in the extreme heat, to ship them. We occupy a unique position out of Montreal by the well ventilated boats, and I saw cattle landed in England off the different vessels, in Manchester and in Scotland, just as good as when they would leave home. In fact my cattle were there in Glasgow and looked just as good to me as when I saw them on the ranch.

By Sir Henry Drayton:

Q. What is the prevailing rate for our live cattle?—A. 13½ cents a pound.

Q. How long has that been running?—A. That has ran up just lately to these extreme figures. When I was in England it was ten cents and ten and a quarter cents.

Q. Have you got the run of the market there?—A. No. I have only the cable that came here.

Q. What does this cable say?—A. "Last week's price: choice heavy, 11½ to 12¼ cents; lighter, 12 to 13 cents." The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairies.

Q. What would that lighter beast weigh?—A. Probably 1,150. We are compelled to ship the heavy cattle, 1,400 or 1,300, nothing under 1,200, to meet the heavy charges, and that is not the animal they are asking for.

Q. What is the right weight for the English market?—A. 1,050 to 1,150, well finished, not thick fatted, but in good order, and he comes back to the land after he has thirty or sixty days' feed of these Scotch turnips—he comes back and sells at the highest price in Britain. He becomes a Scotch-fed bullock and he comes back on the British market as a Scotch-fed one and he commands a higher price.

By the Chairman:

Q. Scotch being a synonym for superiority, I suppose?

By Sir Henry Drayton:

Q. Would that beast have to be conditioned for two months?—A. No, he gets it on arrival. They advise what is going on in Glasgow. This cable is signed "cattlepen" but it is from Watson and Batchelor.

By Mr. Johnston:

Q. What price would that bring, after the 30 or 60 days on the feed lot?—A. He would get the biggest price, but he gets the manure for his land. I cannot tell what he would get. There may be a shortage over there.

[Colonel Henry A. Mullins.]

By the Chairman:

Q. He will get the increase of the extra weight the animal puts on?—A. Yes.

By Mr. Duff:

Q. Can you tell us the average price you got last year for these cattle, averaging 1,100 pounds?—A. Where do you mean.

Q. In the Old Country?—A. In the Old Country I only tried one or two shipments and I lost money and I dropped it.

Q. What did you get for them, the 1,100-pound cattle?—A. I only tried one or two shipments and I dropped it because I lost money on both shipments; I lost my money each year.

By the Chairman:

Q. You cannot remember what the cattle brought?—A. I cannot remember but we lost about \$10 a head.

By Mr. Duff:

Q. You say when you were getting 13½ cents you were losing money?—A. No.

Q. What would be the average price?—A. 10¼ to 10½ cents.

Q. At 10½ an 1,100-pound steer would bring \$116.50 and the rail and water rate would be \$30. That would leave \$86.50 net.

Mr. SYMINGTON, K.C.: There are other charges. Before the Imperial Shipping Commission, for instance, taking a 1,200-pound steer the inland freight was \$10.20; the ocean freight was \$20; feed, inland and ocean, \$8.

Mr. DUFF: What do you mean by that, feed, inland and ocean?

Mr. SYMINGTON, K.C.: The feed for the cattle on the way, feeding the cattle as it crosses.

Mr. DUFF: I thought the \$20 included going across?

Mr. SYMINGTON, K.C.: No. The total of \$40 was the figure given by the Shipping Commission.

By Hon. Mr. Sinclair:

Q. You left the impression that if the cattle rate was \$15 this would greatly increase our exports to Great Britain, is that correct?—A. Yes.

Q. By reason of being able to import a smaller steer?—A. Yes.

Q. If the rate was \$15, what would your opinion be of the increase in export? Would it double our export?—A. Yes. It will encourage the men to get into the cattle business out West and we can go more strongly into the cattle business.

Q. I understood you to say they were being diverted, at the present time, the small steers were being diverted to the United States?—A. Well, the lighter steer is going to St. Paul.

Q. If the rate was lower he could send them to the Old Country?—A. It would permit him to go there if there was a lower rate, yes. I might say that one bunch of steers weighing 1,200 pounds, brought £30 12s. out of the boat *Concordia*, out of St. John. They were well bred, not too heavy weight, but a nice quality of cattle, and I had that cable with me and I pinned it to this there.

By Mr. Black (Halifax):

Q. That is a good price?—A. Yes, a wonderful price.

Q. They could afford to pay the \$20 rate on that?—A. On that particular shipment, yes, you could.

[Colonel Henry A. Mullins.]

Q. Would you make a difference between the 1,000 pound steer and the heavier animal, say from 1,600 pounds up. Would you make a difference in the freight rate?—A. Well, I do not see how you could discriminate in that way. If you took that cattle you would have to take them out separately and weigh them to get at them.

Mr. SYMINGTON, K.C.: I do not think they can hear the witness.

The CHAIRMAN: Please speak up, sir, because this is a very hard room to hear in. Mr. Symington did not hear your answer to the last question. As I understood your answer, it was that you did not think it would be practicable to have two different rates for steers, a lower rate for the lighter one and a higher rate for the heavier one. Was I right in gathering that from your answer?

The WITNESS: Yes. Without crowding five in four spaces. When you do that, the cattle do not land in as good condition. Crowding five in four spaces is not advocated by me. I have never tried it except on the Canadian Government steamship *Victor*, I was compelled to load 270 cattle into 233 spaces and pay \$25 a head. I put 247 into the 233 spaces, which made an average cost of \$27.33 apiece, to Dundee.

By Mr. Symington, K.C.:

Q. They did not arrive in good shape, Colonel, is that it?—A. No, they did not arrive in good shape. They lost me a lot of money.

By Mr. Johnston:

Q. What is the space provided for each animal?—A. The regulated space is 2 feet 6 inches I think now. It used to be 2 feet 8 inches. But the crowding of five cattle into four spaces is injurious to the cattle, and the cattle do not land in Britain looking their best or as they should land. Personally I will not ship any more five in four spaces.

By Mr. Black (Halifax):

Q. I thought that was governed by the Agricultural Department regulations.—A. Well, it is permitted. If you want to ship five in four spaces, you can do it, if they are under ten hundred pounds, and get ten per cent off the freight charges, but it is poor economy.

Q. They are all inspected on board ship are they not, and their pens inspected?—A. At the seaport, yes.

Q. And the inspector passes them with five in four spaces?—A. Yes.

By Mr. Symington, K.C.:

Q. Do I understand they have to be under ten hundred pounds?—A. Ten hundred and under.

The CHAIRMAN: Mr. Shaw?

By Mr. Shaw:

Q. Colonel, you have had a great deal of experience in shipping cattle, over a great many years?—A. Yes.

Q. Do you ship from Winnipeg?—A. Yes, largely.

Q. What is the percentage of shrinkage in weight of cattle from Winnipeg to Montreal, on the weight from Winnipeg to Montreal?—A. It is about one hundred pounds.

Q. What per cent would that be, about ten per cent?—A. No, not quite ten per cent. About eight or seven per cent. On an 1,100 pound bullock, about seven per cent. About eight per cent at the outside. But if he remains in the yard a short time, he comes back to his normal weight after we feed and water.

[Colonel Henry A. Mullins.]

Q. What is the percentage on weight from Montreal to your delivery point?
—A. There is very little shrinkage there if it is not a ranch bullock; if it is a wild, snorting—that is a western term—but if it is a wild western bullock and fretful, he will shrink more than a Manitoba or Saskatchewan, a domesticated bullock.

By the Chairman:

Q. The Alberta ones will shrink?—A. Well, yes.

Mr. DUFF: That is our experience with them.

The WITNESS: Well, if he is wild, and not domesticated he will shrink. I might, for your information, tell you why, or where, he shrinks. He shrinks in the kidneys; in the kidneys first. If you see the rails of beef hanging in Birkenhead you will see all the kidneys have gone. He does not shrink on the back at all. His back of beef is there and in good order. First, when he is wild and timid, he lives on the fat of the inside, while in transit. If he is domesticated he holds that fat and he kills with the same fat inside of him, and therefore he does not shrink as much as the wild one. The Ontario cattle, you cannot tell the difference, but a wild western ranch bullock frets and lives on the insides and will not drink water.

By Mr. Shaw:

Q. Now, colonel, will you tell me what is the exact meaning of charges, and what are they on the shipment of a steer from Winnipeg through to Glasgow? Have you got those details?—A. The charges in detail?

Q. Yes, in transit from Winnipeg. —A. I have not brought that from Winnipeg with me, but I could almost tell you offhand. First is the rail, 85 cents a hundred.

Mr. SYMINGTON, K.C.: \$10.20.

The WITNESS: The next is, feed in transit, \$1 a head, if you will put that down.

By Mr. Shaw:

Q. You are speaking of feed in transit?—A. Feed in transit about \$1 a head.

Q. What are your charges at Montreal?—A. Well, \$45 a ton for hay in the stockyard. It is according to how long you are held with them waiting for the boat. You may land in and go out that day.

Q. Are there any charges outside of the charges for feed?—A. Yes, there is loading and unloading. There is insurance, on the boat. There is ropes and pails. And there is the hay and meal.

Q. I notice "sundry ocean charges." Would that include items such as you have mentioned?—A. Yes, such as I have mentioned. The ropes and pails. And men.

Q. Tell me just what is the exact charge payable on a steer shipped from Winnipeg to Glasgow, the total charges?—A. It varies from \$45 to \$46 per head.

Q. Now when you land the steer does the importer have to pay any further charges?—A. When I land the steer?

Q. Yes, when you get the steer off the boat?—A. They have got to pay lairage.

Q. What is that?—A. Lairage. Where they arrive, a place called Marlatt's, where the steer walks in and they make a lairage charge.

By the Chairman:

Q. A sort of stockyards near the docks where the animals are kept?—A. Yes.

[Colonel Henry A. Mullins.]

By Mr. Shaw:

Q. Do you have Customs dues?—A. There is freight. There is port dues. There is landing charges. There is charges on the bill of lading, 7/-. There is lairage £16.10/-. There is keep. There is herds. There is bankers' charges.

Q. What are herds?—A. That is the men cleaning and caring for them. They call them "herds." Bankers' guarantee. Cable, sending us out the result of the sale. Then there is the commission. The commission used to be 5/- a head. In some cases we paid less. To-day we are paying 10/-.

Q. It is not based on the sale price?—A. No, not on percentage. It is just per head. It doesn't matter whether he is ten hundred or twelve or anything else.

Q. Taking all these charges into consideration can you tell what it costs a man to lay steer down from Winnipeg in Glasgow?—A. It depends on how long I have to keep him in the lairage. It may be 45 to 46 dollars and it varies with the amount of feed I have to put against him. I may tell you for your information that on my trip to England a bill came out to me selling an Irishman's cattle for 3/-. There is a man in Ireland by the name of Mullins, who is a partner in a ranch out west. His bill came back from an Irish shipment to Britain, and he was charged 3/- per head, beef cattle. The cheque and bill came back in a mistake. My bills coming back were 10/-. So we were paying 10/- for selling Canadian cattle. I took that question up while I was over there and I don't know what the result of that will be.

By the Chairman:

Q. They were charging to sell Canadian cattle 10/- a head and only 3/- a head to sell Irish cattle?—A. Yes, according to that bill that came home to me to Winnipeg.

By Mr. Shaw:

Q. The reason I am asking you these questions, colonel, is this. I have before me a statement made in November of 1921.—A. I cannot hear you.

The CHAIRMAN: Gentlemen, I must ask that order be preserved. It is impossible for the Committee to do its work if half a dozen private conversations at the same time are carried on. Mr. Shaw, I will ask you to speak a little louder, so that the witness can hear, and state your question again.

By Mr. Shaw:

Q. I have before me a statement dated 16th December, 1921 of 53 head of cattle landed from the steamship *Caledonian* at Birkenhead. They apparently were sold on commission. The total sale price of the cattle including the hides and everything else was £1,860 15s. 7d. The amount payable to the exporter was £898 1s. 7d. There are a lot of charges, filling a whole page of items. That is the reason I asked you these questions about charges. In selling on commission, I suppose the exporter takes the balance after the sale is made and pays all the intermediate charges?—A. Well, the agent over there, the commission man, pays the charges.

Q. I notice a charge for slaughtering these 53 head, of £19 7/-. Is that about the charge?—A. Yes.

Q. Such charges as "market charges." What does that mean?—A. Well, that is the market charge. That is for the market where the beef is put on.

Q. What is a charge of £2 13/- for sheeting?—A. That is when they put the beef in trucks, they sheet the beef and ship it away to Manchester or Newcastle or any of the different points.

Q. There is a charge of £33 for cutting. Would that be preparing the beef for market?—A. Cutting? That is new to me.

[Colonel Henry A. Mullins.]

The CHAIRMAN: That is cutting at London.

The WITNESS: Ah, that might be, at London, but not in Liverpool, because they sell the bodies there. They might cut it up and sell it in pieces.

By Mr. Shaw:

Q. You spoke of losing \$10 a head on cattle. What did you mean by that?—A. On the light cattle.

Q. What did you mean by losing \$10 a head?—A. I got \$10 less for them than I paid for them. To be accurate about that, it might have been a trifle less or a trifle more. I put it at around \$10. It might have been \$9.50.

Q. This gentleman whose cattle are referred to in this list, lost a great deal of money too, over the price he could have got in Montreal, for example. Do you know at the present time whether the price in Montreal would be more favourable than shipping across the ocean?—A. I don't think there are any buyers in Montreal; I don't know of any. Toronto is the only market for export cattle. Or in Ontario. Or down here.

By Mr. Duff:

Q. What do they pay for them in Toronto?—A. Yesterday they were paying $7\frac{1}{2}$ to 8 cents.

By Mr. Shaw:

Q. What are the expenses per head at Glasgow, colonel?—A. About 27 shillings. It varies according to how long they keep them. If the boat misses the market you have a bigger feed bill, a larger feed bill. If she catches the market you have a less cost on the other side.

By Mr. Duff:

Q. Do you consider $7\frac{1}{2}$ cents at Toronto a good price?—A. Yes.

Q. I figured from Mr. Shaw's statement that these cattle he spoke of would average \$80 net, which would be about the same as $7\frac{1}{2}$ cents on 1,100 pounds.—A. Were they 1,100 or 1,200, those cattle? A 1,200-pound bullock at $7\frac{1}{2}$ cents would bring \$90.

Q. I figured it at 1,100 pounds.

By Mr. Shaw:

Q. I think the average weight was 1,212 pounds.—A. Well those cattle would be worth $7\frac{1}{2}$ to $7\frac{3}{4}$ cents, according to quality.

Mr. DUFF: The cattle you spoke of netted \$80 after paying all expenses.

By Mr. Stork:

Q. Colonel Mullins, is there a veterinary accompanying each shipment of cattle on the boat?—A. There is a veterinary accompanies the cattle from Winnipeg to Montreal.

Q. And across the ocean as well?—A. And across the ocean on the steamer.

Q. That is one veterinary to every shipment?—A. Well, I don't know how many vets. there are on the boat. There is a vet. accompanies them from Winnipeg to Montreal. There is a veterinary in charge. I have a shipment passing through to-day and there is a veterinary with those two cars.

Q. Does that cost you anything?—A. No, I don't see any charge for it.

Mr. DUFF: The Dominion of Canada pay for that.

The WITNESS: The Department is paying for it, I suppose.

The CHAIRMAN: Mr. Montgomery, have you any questions, sir?

[Colonel Henry A. Mullins.]

By Mr. Montgomery, K.C.:

Q. According to the figures you have just given us—

By Mr. Black:

Q. Excuse me one moment. I would like to know, if we can find out, who pays for that vet.; you say a vet. accompanies them on the rail to Montreal?—
A. I do not pay for it. I arrange a pass for him with my shipment, but I do not pay him anything.

The CHAIRMAN: I am going to ask the Minister of Agriculture, who is here, to clear up that point. Mr. Motherwell, who pays for the medical practitioner who accompanies the boats on the journey to Montreal and from Montreal overseas?

Hon. Mr. MOTHERWELL: My Department.

The CHAIRMAN: The taxpayers of Canada?

Hon. Mr. MOTHERWELL: It is not charged to the steer.

The CHAIRMAN: Is that one of the conditions which were imposed upon us when the embargo was lifted?

Hon. Mr. MOTHERWELL: Yes. The British Government insists upon what we call having them under observation.

Mr. RINFRET: I understand that the Dominion of Canada will have to keep a supply of vets., in accordance with the increase of the trade. Is that so, Mr. Chairman?

The CHAIRMAN: Mr. Rinfret is inquiring whether, if the trade increases to very large proportions, we would have to maintain this ratio of a vet. practitioner with the shipments of cattle that went forward?

Hon. Mr. MOTHERWELL: If the loads were larger, we would just have to send one man with every boatload. The trouble is that the loads are so small that they only average about 100 to a boat.

The WITNESS: You asked about accompanying cattle from Winnipeg to Montreal. There is no necessity for these vets. being with them if we were here for three days. We put them in quarantine for three days at Montreal. Am I correct in that?

Hon. Mr. MOTHERWELL: We generally send men right with them from Winnipeg down. That seems to be required.

The WITNESS: But if we were here three days?

Hon. Mr. MOTHERWELL: The quarantine provides for three days.

Mr. BLACK: I think what Mr. Rinfret is trying to get at is this: that if there was a shipment of cattle every day, there would be a vet. accompany that shipment daily, so that we would have an army of vets. employed in this particular trade, paid for by the Government.

Hon. Mr. MOTHERWELL: Yes.

Mr. BLACK: Isn't that what you were asking, Colonel?

The WITNESS: That is the situation.

Hon. Mr. MOTHERWELL: That is the condition imposed upon us by the British Government.

The CHAIRMAN: As I understand it, we had to agree with the British Government to incur these expenses.

Hon. Mr. MOTHERWELL: Yes.

The CHAIRMAN: And to take those measures, in order to get the embargo lifted?

Hon. Mr. MOTHERWELL: That is a condition under which the embargo was lifted.

[Colonel Henry A. Mullins.]

The CHAIRMAN: Well, Mr. Montgomery, you may proceed to another aspect of the situation.

Mr. RINFRET: I was getting information, Mr. Chairman, and I find the shipping companies give free passage, so that both the Government and the shipping companies are giving free service to the exporter. Is that the fact?

The CHAIRMAN: Shall I ask the question, Mr. Rinfret?

Mr. RINFRET: No, I am making that as a statement.

The CHAIRMAN: Mr. Montgomery, the way is clear now.

By Mr. Montgomery, K.C.:

Q. I think you told us that the price in Glasgow was about 13½ cents, according to your latest quotation?—A. For these light cattle.

Q. And they are paying for those in Toronto about 7½ cents, you say?—A. About 7 or 7½ cents.

Q. From 7 to 7½?—A. Yes.

Q. And the price per shipment from Toronto, as far as the exporter is concerned, would not be any greater than it would be from Winnipeg?—A. It is not as great.

Q. I would not think so. You have told us that the cost of sending them over, the total cost, ran between \$45 and \$46 a head, if I took the figures down correctly?—A. Yes. From what point do you mean, from Toronto or Winnipeg?

Q. I understood you were giving us figures from Winnipeg, although I may be wrong?—A. That is correct.

Q. It would be less than that from Toronto?—A. Less than that from Toronto.

Q. From Toronto we would be safe in saying that there was a margin of 6 cents per pound as between the price which the exporter paid in Toronto and the price obtainable on the other side—taking present prices?—A. In this one particular market. But this market has gone up lately. This market has not been going on. I have not had any market of that kind. This has gone up to-day or the day before.

Q. The Canadian price would have had an advance as the United Kingdom price advanced?—A. In Ontario, in the Toronto market?

Q. Yes?—A. It would if we had boats to get out.

Q. So that your great trouble to-day is a shortage of ocean space?—A. Yes.

Q. Assuming then, taking all these figures—and I am taking the lower ones in every case—taking the 6 cents, you would have on a 1,200-pound bullock a profit of about \$72 per bullock?—A. No.

Q. That is, 6 cents as applied to a 1,200-pound bullock?—A. No; there must be something wrong there somewhere.

Q. I was quite incorrect; I meant that the difference in price on a 1,200-pound bullock, at that spread of 6 cents, would be some \$72?—A. Yes.

By Mr. Duff:

Q. The ocean charges, the total charges have to be paid?—A. Yes.

By Mr. Montgomery, K.C.:

Q. I think you told us they came to \$45 or \$46?—A. Yes.

Q. Do you know as a matter of fact what the cost would be from Toronto; you told us it would be somewhat less than from Winnipeg?—A. About \$33 to \$35.

Q. The cost from Toronto would be about \$33 to \$35?—A. Yes.

Q. So that on the present markets, taking the present markets, your 1,200-pound bullock, as against the spreads you have given us, apparently you have

[Colonel Henry A. Mullins.]

\$72 to play with as between the difference in price and the cost from Toronto?—

A. What the exporter would have to bear would be about \$34.

Q. The exporter would have to bear how much?—A. About \$34. I might put it this way, that that is one scratch market that might come in, on account of the scarcity. My cables have been about ten or ten and a quarter cents. It is very likely to come down again; it is likely to come back to ten and a quarter; it is due to a shortage of supplies.

Q. When do you expect the Irish cattle to come on the market?—A. They will begin now, the grass cattle.

Q. On account of the disease you have spoken of, which affected the offal, they are hardly likely to come on heavily before August or September?—

A. That has nothing to do with the grass cattle. Those offals are in the Irish cattle all the time.

Q. The price then is likely to come back before the year is over to 10½ cents?—A. Yes, just as soon as the stall fed cattle get out of the road; they will get back to 10 or 10¼ likely.

Q. It would be desirable, if we could get our cattle over again?—A. Yes, it would.

Q. Your principal difficulty is not being able to secure sufficient ocean space?—A. Yes, it has been. That is what has been blocking the trade in Winnipeg. There are loaders there who would have been shipping cattle if they could have gotten cattle of good quality freely.

Q. Let us take the difference of \$5; you were talking of decreasing the rate from \$15 to \$10, if I remember correctly; that would amount to how much per animal?—A. About one-half.

Q. Less than half; one thousand to the animal would be exactly half a cent?—A. Yes.

Q. Due to the shortage of space, you were not able to get them all over at the present time.—A. Are you referring to me personally?

Q. You can speak for yourself or for the trade, whichever is most convenient. If you can speak for yourself, do so, or you can speak for the trade?—A. I am speaking for the Western Livestock Association.

Q. You impressed upon us the desirability if possible of getting them over there and taking advantage of the high prices we find at this season of the year?—A. Yes.

Q. Before the domestic grass cattle, that is, the Irish grass cattle, come on the market?—A. Yes. It would be as well to get out of the way of the Irish grass cattle.

Q. If you do not, you are very apt to come in for a drop in price which may run as high as 3 cents per pound?—A. Well, there is a shortage in Ireland, there is a shortage in England; it may not be as big as other years, but it may drop.

Q. The drop would be probably from 2 to 3 cents?—A. I could not give you the exact figure.

Q. Give us your best guess at it.—A. They can drop \$20 to \$30 a week over there, if they feel like it, if the supplies come heavy.

Q. Per head?—A. Yes.

Q. They can drop \$20 to \$30 in a week?—A. Yes.

Q. At the present time, if there was no possibility of such a drop as that, you could easily afford to pay \$25 or \$30?—A. Freight?

Q. Yes.—A. I would not want to take the chance, on these prices. I would rather let some other shipper do that.

Q. Obviously you have a margin to play on, taking your own figures, of \$34, as compared with \$72; you have over \$35 to play with altogether; you could easily afford to pay freight of \$30 and still come out right?—A. I could not on anything I have shipped up to now. This is not a sale that I have here; this is a quotation which has just come in.

Q. Let us assume that if you do not get your cattle over before the Irish cattle come on you are apt to run up against a drop in the market of \$20 a head—I understand that to be your evidence? Is that correct? I hope I do not misunderstand you; I do not want to have your evidence go in incorrectly.—A. A drop of \$20 a head?

Q. Yes?—A. When the Irish cattle start?

Q. Yes?—A. That may not be; cattle may keep on going up. It is ruled by supply and demand, and we cannot tell anything about it. It may go down below that.

Q. At the present time, taking the figures which your Toronto man was paying yesterday, and assuming that your market holds in Great Britain, there would be a very handsome margin to play with?—A. Yes. It was a very fair speculation yesterday, to buy.

Q. About 34?—A. It was all right, to speculate yesterday.

Q. \$34 from \$72, or I think it would be a little more than that; you have told us a difference of almost \$40, which he would have to play with?

Mr. DUFF: No, \$20 altogether.

Mr. MONTGOMERY, K.C.: No, \$38, Mr. Duff.

Mr. DUFF: Taking the expenses, I think it would be \$20.

Mr. MONTGOMERY, K.C.: He has told us that the expenses in Toronto would be only \$34.

Mr. DUFF: It would be about \$32.

The WITNESS: I may be wrong. I have not shipped any cattle from Toronto for some years. I may be wrong on the Toronto figures. I come from Winnipeg, and I can tell you the figures from Winnipeg correctly; from \$45 to \$46. I do not want to be quoted in Toronto, because I do not know the cost out of Toronto.

By Mr. Halbert:

Q. Had there been space to take the cattle for this market, would you have paid this price?—A. Well, this market is apt to be uncertain; maybe they would have brought a little more money.

By Mr. Duff:

Q. Colonel, what did you pay for cattle per pound, in Winnipeg?—A. I paid 9 cents. Well, I don't know. There was one animal at 8 cents, and 7½. I paid 7½ for some, 8 cents for some, and I paid 9 cents for one nice little animal.

Q. That is much more than they sold in Toronto yesterday?—A. Yes. Cattle are dearer in Winnipeg than Toronto. I am quoting Winnipeg as against Toronto.

By Mr. Kennedy (Glengarry):

Q. To get a reasonably comparable basis, what is the usual spread as between Winnipeg and Glasgow, for instance; what is the usual spread?—A. That is hard to do; it fluctuates. I have made \$20 a head on cattle and I have lost \$20 a head on cattle. One week I would make money and the next week I would lose it. You cannot tell anything about that market over there; it is ruled by supply and demand; it is not a steady market.

Q. We have been comparing a 1,200-pound steer which would cost seven cents to seven and a half cents in Toronto, with a price of twelve and a half cents to thirteen cents in the United Kingdom. That is quite unusual, is it not?—A. That is an unusual figure. That cable is an unusual cable.

Q. What I was trying to get at, it is not a really comparable basis, then?—A. No, it is not one you could figure on all the time, I would not think. It may stay there or it may go on up.

[Colonel Henry A. Mullins.]

By Mr. Symington, K.C.:

Q. If it goes up, will the Toronto price go up? What Mr. Kennedy wants is, what is the reasonable variation between Canadian and Glasgow prices?—

A. The Toronto price would go up if there was easy access. If you cannot move cattle anywhere, the price will not go up. If you cannot find an outlet for these cattle you cannot sell them.

By Mr. Kennedy (Glengarry):

Q. Provided you get an outlet readily, what happens to the price on the other side?—A. You cannot block that outlet on the other side; they are so depleted in cattle over there that that is what is making these high prices, because of the shortage.

Q. You would not care to state what the usual spread is between Winnipeg and Glasgow?—A. I could not very well, because it varies each week. That is extremely high, and it may go back to ten cents or ten and a quarter cents.

By Mr. Montgomery, K.C.:

Q. Variations of three cents are not unusual or unlooked for?—A. It is unusual to have them run up to these figures.

Q. But on the other hand, in your opinion, they may run higher still?—A. They might, if the supply runs short.

Q. And it is apt to drop back two or three cents?—A. It may drop back.

Q. You get variations ranging from two to three cents and possibly, I think you told us, it is often much more extreme than that.—A. The cattle export trade is purely speculative. There are more risks, my friends in the shipping business know, in the cattle export trade than in any other business. There are no millionaires in it. There are men who have been working hard for the farmers. Colonel Gear and my friend over there know very well they are strewn all over the place. It is speculative.

By Mr. Duff:

Q. It is not even speculative, if you pay eight cents for a steer in Winnipeg, and only get ten and a half in Glasgow. It is worse than speculative.—A. If you get a bad passage with the boat knocking the cattle all to pieces, you would not be apt to sell. I can give you an instance of a bunch of cattle sold in Winnipeg. This was given to me by a gentleman out there. There are some extremely good cattle fed by the live stock producers and bought by them from the University, which are on the market there now bringing extremely high prices, but I do not think they should be quoted as the general market.

Q. You did not get my point. I say if you pay eight cents in Winnipeg and only get ten and a half in Glasgow, nobody has a right to be in a business of that kind. That only comes to \$30.—A. Yes, but you would buy cheaper if the market dropped to that, but the market is not in that condition to-day.

Q. I thought you told me a few minutes ago you paid eight cents a pound and got ten and a half.—A. No.

Q. What did you pay when you got ten cents?—A. Six and a half, I think.

Q. Well, say seven; that is three and a half cents, or \$42 of a margin. Even that is not good enough.

Mr. SYMINGTON, K.C.: It costs \$4 to get them there.

Mr. DUFF: Even if you get \$4 off the freight rate it would not help very much.

The WITNESS: I bought some heavy cattle to meet that. I bought some oxen weighing 1,800, and some bulls weighing 2,000, and I put some heavy cattle on to meet the freight charges. But a boat may

have a bad passage and knock the cattle around. With all due respect to the steamers, they have been carrying them fairly well lately but here is a bunch of cattle which weighed in Winnipeg 47,930, and in Glasgow 43,025 alive, and they dressed only 46 per cent. These cattle were probably damaged and knocked around. They were beautiful steers, coming from near Edmonton, up in that Alberta country. They may have been knocked around going across, and possibly they had to be trimmed. Mr. Irvine showed me the dressing sheet of these cattle, and I said, "You must be wrong." "Well," he said, "I am not wrong; there is the weight in Winnipeg and there is the dressing, 46.7 per cent." They should have dressed nearly 60 pounds to the hundred, nearly 60 per cent, so it might be that they had to trim the bruises and trim these cattle down. We lose money that way; there is quite a risk in the export trade.

By Hon. Mr. Sinclair:

Q. They must have been finished here?—A. They were good finished cattle, thick fat cattle, heavy cattle weighing 1,900 pounds. They would go in for beef in the Old Country.

By Mr. Symington, K.C.:

Q. Do any ever die on the boats, Colonel?—A. No, I have had very few losses on boats; the boats give us very good service, and I have only lost two or three cattle at sea. I have never had much trouble that way. Years ago we used to have a lot of that; we used to have them lying around Belle Isle and all those places, but not lately.

By Mr. Montgomery, K.C.:

Q. So you are not kicking about the service they are giving you?—A. Absolutely no; the service is perfect.

Q. But what you want is more space?—A. We want to get the farmer back into live stock on the western prairies, so he can get from the farm to the markets of the world easier.

Q. In the first place, you want more cattle space?—A. I do for the man out west, not for myself. I am practically retired, I am only in the business to find out how the trade is doing.

Q. We will take it that you are speaking in a representative capacity, and what you need is more ocean space, more boats fitted for cattle, and so on.—A. That is what they need, in western Canada.

Q. And a \$5 difference, whether it was up or down, would amount to less than half a cent a pound upon cattle?—A. Yes, about half a cent.

Q. And your ranges in price over there, which occur sometimes, you said, from week to week, are as high as two or three cents?—A. Yes, the figures vary. They have been fluctuating so rapidly, like the wheat market, that I cannot tell anything about them. I met a man in the Toronto yards who had lost \$10 a head lately.

Q. As a matter of fact, you told us the Irish farmers are finding it very difficult to meet Canadian competition?—A. The Irish cattle are not selling as compared with the Canadian cattle. The Canadian cattle are selling much better than the Irish cattle are selling.

Q. So there is a probability of the Canadian price advancing even higher, the price for Canadian cattle?—A. It might do so, but it is up pretty high now.

Q. How does the ruling price to-day compare with last year's price?—A. It is quite a lot higher. I just forget last year's price. It was nine and a half cents to ten cents, though, I think.

Q. And the export trade was flourishing last year, was it not, much more than in 1923?—A. In 1924?

[Colonel Henry A. Mullins.]

Q. Yes.—A. Yes, it was better than 1923. It was bad in 1923.

Q. On the whole, 1924 is said to have been a pretty satisfactory season in the cattle export trade?—A. Yes. We had some losses. All these shipments did not make money.

Q. You have told us that, on account of the rapid fluctuations in price, it possesses certain elements of speculation?—A. Yes.

Mr. SYMINGTON, K.C.: That is this year?

By Mr. Montgomery, K.C.:

Q. You did not intend to confine your answer to this year?—A. No.

Q. And last year the freight rate was the same, \$20?—A. Yes.

The CHAIRMAN: Now, Mr. Montgomery, it is six o'clock. Can you get through with this witness in a few minutes?

Mr. MONTGOMERY, K.C.: I have a few more questions myself, and I do not know what else is in reserve.

The CHAIRMAN: Mr. Stevens suggests that we should rise, and we will resume at 8.30 this evening.

Witness retired.

The committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: We have our quorum and the Committee will please come to order. Is Mr. Mullins in the room? If so, will he please resume his seat in the witness box? Mr. Johnston has one or two questions he wants to ask Mr. Mullins.

HENRY ALFRED MULLINS, recalled.

By Mr. Johnston:

Q. The Ontario Government in a report they made some few weeks or months ago had something to say about this matter of ocean rates, and I believe it was stated in that report that a man by the name of Schomberg—or Schromberg—of New York City practically controlled the space on ocean boats for cattle shipments to the Old Country. Do you know anything about that?—A. Yes. Schomberg has as much right to take space as I have. He is a wealthy man and he contracts the space. It is usually to Liverpool. I do not think he touches the Glasgow boats. I have not seen him on any of the Glasgow or Manchester boats. I think it is largely to Liverpool, but he has as much right to take space as I have.

By Mr. McKay:

Q. Does he corner the space?—A. Well, he might take all the White Star boats; he may take them; I think he has them.

Q. The charge was made in the report of the Committee appointed by the Ontario Government in their finding, and it was stated that he "corners the space." The report was published by the Ontario Government very recently.—A. He is operating in Ontario and I am operating in Western Canada, and I cannot speak for Ontario. All we ask in Western Canada is that we be given a fair chance to develop the cattle industry, to give us a chance to get to the markets of the world with live stock. We have not now boats sufficient to carry the number of cattle that will be produced on the prairies, once the ring

swing gets in. The farmers on the Portage Plains are going back into live stock, and when it so happens that we get back to the old times we used to have on the prairies, there will not be sufficient boats to carry the cattle.

Q. Is that shortage a seasonal shortage?—A. For the season?

Q. Is it a seasonal shortage? That is, is there a surplus at one particular time of the year?—A. No, not particularly for any time of the year. Our cattle comes along—

Q. At all times of the year?—A. At all times of the year. We will be ready, as soon as we get the farmers educated in Western Canada to feed during the winter months. They have been negligent for a number of years in not feeding during the winter, but they are coming back and beginning to realize that mixed farming is essential on the western prairies. The large ranch on the Prairies is a thing of the past; they are broken up; they are going into feed-lots.

For your information, Mr. Chairman, let me state that there is no country in the world can do what Western Canada is doing.

Some Hon. MEMBERS: Hear, hear.

The WITNESS: That is a broad statement, but I have fed cattle outdoors in the West within 30 miles of Winnipeg and produced steers that cannot be produced any other place. The farmers on the western plains are beginning to realize what they can do with a building, perhaps as large as this room with a rough straw roof, and it matters not whether it is 40 or 50 degrees below zero, these cattle can gain in weight. I wanted to test out one steer, and it weighed 1,030 pounds going in, and 1,430 pounds coming out. It was fed out-of-doors; was never in a stable. The western prairies can burst over with prosperity if you give us a chance to get off the prairies to the markets of the world.

By Mr. Duff:

Q. If that is the case, do you think it would be good business, in order to move the cattle and other products of this great western country, for Parliament to subsidize ships and put them on the routes?—A. Well, I do not know anything about your contract; I have not seen it—

Q. Never mind the contract. As a business man, do you think it would be good business for this Parliament—if, as you say, there are not enough ships to carry the cattle and I presume that applies to other products—to subsidize these ships if we could get them in no other way?—A. Yes, I would. I will answer that by saying to you (Mr. Duff) that anything that will promote and help the cattle industry on the western plains will help all other industries. It may be a little expensive to do that, but to give us back our chance to fertilize that land that is now slipping and going back—I would say “Yes.”

The CHAIRMAN: Any further questions, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. I think the point of your reply to Mr. Duff was that you need space to ship cattle, if you can get it?—A. We want more space, yes.

Q. You would not be in favour of a policy that would tend to drive any of the existing lines off the routes, and discourage them from equipping their boats for cattle?—A. I would not.

Q. You have no complaint of the service rendered by the existing lines?—A. Absolutely not; the service is perfect on both the Donaldson and the Manchester boats.

Q. Following up the last question, let us suppose that a subsidized line was put on, and a subsidy was given to one line, which would cut the cattle rate in half, so that the other boats could not make money carrying cattle.

[Colonel Henry A. Mullins.]

Would you approve of that?—A. I do not know whether they are making money or not. They have been losing money as long as I have known them. I am not arguing that question; I am simply looking at it from the Western Canadian standpoint.

Q. I am asking you to assume what the result would be of making the cattle trade unattractive to the existing unsubsidized lines? would you approve of anything of that kind?—A. I do not think they are losing money at \$20.

Q. I am asking you to assume that a rate was put in force which would be uneconomical and unattractive. You would not approve of that, would you?—A. No; I would not approve of anything that would drive the present lines out. I have no fault to find with the present lines.

Q. What you apparently would like to see, Colonel, is a lower rate for your 1,100-pound bullock, eh?—A. Yes.

Q. You have no particular kick about the rate as applied to the fat bullock?—A. No, not as long as these present cables come on, the way they are, but they are liable to change any day.

Q. Well now, if a concession were made as regards the 1,100-pound bullock, would you approve of a graded rate dependent upon the weight?—A. It is pretty hard to grade them. You cannot very well do that.

Q. You either have to have one or the other, have you not, Colonel? You either have to have a graded weighted rate dependent upon the weight, or a flat rate over all?—A. I do not think a shipping company could do that, unless they put five in four spaces, and I am not favourable to the five in four spaces.

Q. Perhaps you misunderstand me, but what I am trying to get at is that you either have to have a flat rate that applies to all, regardless of weight, or else you have to have a graded weight, which would really be a weighted rate, a rate based upon weight, would you not?—A. Yes. It might be all right for heavy export cattle to maintain the present rate, but for the type of steers that are asked for in the British market, it is impossible to ship them.

Q. Let us assume for the sake of argument—and we do not ask you to pass upon the steamers' profits or losses—but let us assume for the sake of argument that the present rate is not a profitable rate—we will even say "not an unduly profitable rate," if you like, for the sake of argument would you grade down the rates for lighter cattle? Would you, if you did, then approve of grading it up for the heavier ones?—A. No, I do not think the trade will stand any heavier rate than \$20.

Q. Colonel, just look at it; I think you want to be fair in this thing; your evidence has impressed me that way; the cattle men made a fairly good thing out of it last year, did they not? They did not lose money? Had a pretty good year?—A. Well, I suppose they did.

Q. In 1924?—A. In 1924? I do not think they came out losers; I think they made some money. I do not think they made anything very heavy. I did not make any particularly big gains; I made some money.

Q. At that time the ruling prices in the United Kingdom markets were very much lower than they are to-day—as you told us this afternoon?—A. I do not think you can quote that cable of to-day. I think it is abnormally high. I think it is out of proportion. It is due to the light run of cattle going over there. They are not getting the numbers, and they are held back by shortage of supplies, and the prices run abnormally high.

Q. I take it from the general effect of your evidence, Colonel, that it is really vital that nothing shall be done that will tend to lessen the existing space?

The CHAIRMAN: May I break in a moment, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Surely.

The CHAIRMAN: Is this not all argument, and really a rather lengthy way of getting your argument before this Committee, by getting it from the wit-

[Colonel Henry A. Mullins.]

ness? Would it not be easier to call a witness, get the facts from him, and then argue from them? I make this suggestion merely to expedite the workings of the Committee.

Mr. MONTGOMERY, K.C.: The only thing is, I think Colonel Mullins knows a great deal about this cattle shipping business, probably more than most of the people in the room, or even than the shipping men. He has been in it years and years, and I think he wants to be fair, and I would pay considerable attention to what Colonel Mullins said about this thing, if I could get his views on this question. I do not know of anyone who is more competent to speak on it. I would like to get his considered views on the question—call it argument if you like—and I think he would be glad to assist us, would you not, Colonel?

The WITNESS: Absolutely.

By Mr. Montgomery, K.C.:

Q. Are we in agreement, that, first and foremost, taking conditions as they are to-day, it is of primary importance that nothing should be done to discourage present cattle carriers or to decrease the existing space?—A. Well, I would not like to see less space, no. I would like to see more space.

Q. In fact, it is just the contrary? At least it would give sufficient measurement, whether by subsidy or by rates, to get more space?—A. More general space.

Q. In fact, I think you will agree with me frankly, that as prices stand to-day, and I am taking conditions as you have given them, the trade would stand a higher rate even than \$20 if it could get the cattle over on this market?—A. No, it would not.

Q. On the figures which you gave us this afternoon you had quite a margin to play with?—A. Yes, you had a margin to play with, but that market, as I told you, is speculative and subject to change in twenty-four hours. If a heavy supply of South American chilled beef arrives there from the Argentine and knocks this market, it will go down \$20. It can change quickly.

Q. You and I are thinking partially along the same lines. You told us that even a five dollar change in the rate would amount to a little less than a half a cent a pound. We are agreed on that?—A. Yes.

Q. And that you might easily be missing the favourable markets existing and run up even against a difference of two or three cents a pound over there?—A. Yes, you might.

Q. As a matter of fact, the movement under existing conditions, is, to some extent, seasonal; that is, you get quite a heavy movement from Canada?—A. Yes, there is quite a heavy movement of stall-fed cattle.

Q. In July and August, you would not, under ordinary conditions, get as heavy a movement certainly of store cattle?—A. No, not in July and August.

Q. They would hold them over until August and ship them over as fat cattle?—A. No, there are a number of stores come in in September and October; in the fall of the year.

Q. Coming back to this question of differentiating between the two weights of cattle, I would just like to get something cleared up. You spoke of putting five into a space for four?—A. Yes.

Q. That is the manner of getting a \$18 rate instead of a \$20 rate?—A. Yes, ten per cent off.

Q. I think the Committee may have been left under the impression that the space in which the five cattle would travel would be exactly the same space for four. That is not quite exact?—A. Yes, five in four spaces.

Q. I want to be perfectly frank with you. These are not instructions that I have on that question?—A. I have always understood it five in four spaces.

[Colonel Henry A. Mullins.]

Q. The instructions that I have are that the Government regulations call for a ten-foot space for four fat cattle. That is right, is it not?—A. Four; two feet, six inches.

Q. When five stockers are shipped the space must be increased to ten feet, eight inches?—A. I did not know that.

Q. And the five stockers are not allowed to be shipped in the space for four cattle. Eight inches more are allowed?—A. The fittings are usually put with two planks that hold four cattle. I have never seen them measured. I do not know what the inspector does in Montreal, but the chances are that some of the inspectors are here, and there are two planks with four cattle between and the four holds and the headboard are there. It looks like two feet, six inches.

Q. Can I ask you to see the thing from the other fellow's point of view, for a moment? Assuming the spaces were the same and that those four cattle went into the space for four cattle, whether big or small, the cubic measurement occupied would be exactly the same, from the shipowners point of view, would it not?—A. Yes.

Q. As you know, no doubt, the shipment of cattle is more or less on a cubic foot measurement basis?—A. Yes, it is on a measurement basis; two feet, six inches.

Q. The amount which it would cost the cattle carrier would be largely based on the height of the 'tween decks, the height between decks?—A. Yes.

Q. So it costs as much to carry a bullock, weighing 1,100 pounds as it does to carry one weighing 1,200 pounds?—A. Yes, I suppose so; he takes the same space.

Q. Take it from the point of view of the shipper, I want to find out whether he can average up, so as to meet that flat rate. He can carry fat cattle as well as stockers, can he not? Instead of carrying, I should say "ship"?—A. I do not know how you could do that. Some of my cattle weigh 1,800 pounds and some weight 1,200 pounds. I do not see how you are going to grade that?

Q. You do not see how we are going to grade it?—A. Yes.

Q. It means a flat rate over all, so much a head?—A. Yes, except in store cattle.

Q. You might have in that run of cattle, cattle running all the way from 1,100 to 1,800 pounds?—A. Yes, probably 2,000 pounds. Some bulls I shipped last year weighed over 2,000.

Q. You have no particular kick coming as things stand now at the \$20 rate, for a 1,200 pound bullock?—A. \$20 is a stiff rate on a 1,200 pound bullock, under normal conditions. That is the rate on a 1,400 pound bullock, under present conditions, but you have no guarantee how long this price is going to hold.

Q. Under present conditions it would be all right on the \$20 rate?—A. Probably to-day's cables are abnormal. It is a thing I have never known to happen, that it was as high as that.

Q. I think you have made that perfectly clear. Have you ever thought of this, Colonel, that most of these ships are owned in England; they are British owned?—A. Yes. The Donaldson's, in Glasgow.

Q. I think you mentioned the Manchester Lines?—A. The Manchester Line, yes. They are Manchester owned boats.

Q. And the Cunard Lines; I think their names have been mentioned. Their offices are over there too?—A. The White Star?

Q. I beg pardon. The White Star? The freight is paid in dollars, is it not, by the Canadian shipper?—A. Yes, at the rate of \$20.

[Colonel Henry A. Mullins.]

Q. Have you ever had occasion to think of what the difference is between last year's and this year's condition as regards exchange, in the net rate which the British shipowner gets over there?—A. No, I did not think of that.

Q. I think it would be a fact, would it not, that his yield over there, from the rates that he is getting on his cattle, would be less than it was last year?—A. The rate he is getting on the exchange would be less?

Q. The money has to be converted. You pay in Canadian dollars over here?—A. We pay dollars here. We used to pay it in shillings in England.

Q. As things are to-day, you pay in dollars here?—A. Yes.

Q. That money has to be turned into Sterling over on the other side?—A. The money?

Q. Yes.—A. It is returned—it is payable in England by the salesman. The salesman pays the freight and lifts the papers; he lifts my draft.

Q. On the basis of a \$20 Canadian rate, whether it is paid over there or not, it is on the basis of \$20 Canadian money?—A. I cannot see how the rate of exchange will affect the freight.

Q. I would like you to realize that, because you are a sort of missionary among the cattle people.

The CHAIRMAN: You are not going to try and get him to teach false economic doctrines, are you?

Mr. MONTGOMERY, K.C.: There is no false economic doctrine about that; there is nothing false about that.

The CHAIRMAN: They may get fewer shillings out of our \$20, that is true, but if they have to buy exchange, as Great Britain has to buy raw materials all over the world, the fact that its shillings are worth more, will they not be converted into a greater amount of money in foreign countries?

Mr. MONTGOMERY, K.C.: I think not. I will be quite content when we satisfy Colonel Mullins that the shipowners are getting fewer shillings.

The WITNESS: He may be getting fewer shillings but we started with the rate of exchange at \$4.33. It went on up until it got to be \$4.85. I think we are getting \$4.84 or \$4.85 at the present time, when we sell our bulls. It has gone in favour of the shipper, yes, the exchange.

By Mr. Montgomery, K.C.:

Q. As regards the shipowner, he gets the proceeds of \$20 in sterling over there?—A. Yes.

Q. He got it last year and he gets it this year?—A. Yes.

Q. And he gets a fewer number of shillings this year than he did last year?—A. Yes, he may get a little less but it is only a small matter. It is not a very big one.

Q. Well now, is it, because as a matter of fact the difference, they tell me, amounts to over \$2 a head?—A. \$2 a head on the freight?

Q. I want to give you the figures correctly. You will permit me to check these. I am told the exact amount is \$1.98?—A. Well, you made it when it was down low; you got the best of it because you made us pay in dollars and cents; when it was down to \$4.33 you had the best of it, in the early part of it.

Q. Last year that is approximately what it was, around \$4.33?—A. Yes, but we paid in dollars then and we paid it on this side before the boat sailed, in some cases, but you changed that. I paid the Government Merchant Marine six thousand some odd dollars on the "Victor."

Q. You are not gaining anything by this rate of exchange?—A. I pay \$20.

Q. You paid \$20 last year and you are paying \$20 this year?—A. Yes.

Q. The English shipowners are getting in shillings the proceeds of one hundred dollars?—A. At \$4.34 last year, yes.

Q. To-day he is getting the proceeds of \$20 at \$4.85?—A. Yes.

[Colonel Henry A. Mullins.]

The CHAIRMAN: And his shillings at \$4.85 are worth more in the international money market than they were a year ago?

Hon. Mr. STEVENS: Mr. Chairman, there is no point there. The ship-owner paid his wages in shillings last year and he had more shillings out of the \$20 to pay wages, and costs of handling this freight, than he would have this year. Consequently he is getting less.

Mr. DUFF: Not if he pays his wages and buys his coal in shillings.

Hon. Mr. STEVENS: Yes, he is getting a less number of shillings out of his \$20 this year to liquidate his expenses.

Mr. MONTGOMERY, K.C.: And I have not heard that he is paying a less number of shillings for his wages.

The CHAIRMAN: He should be paying less for his supplies.

Mr. MONTGOMERY, K.C.: It has not been shown that he is paying less for wages or expenses. He is just that much out. The expenses are there and the difference is \$2 a head—\$2.32 now my friend Mr. Flintoft tells me.

The CHAIRMAN: In order to make that correct you would have to look at the whole scale of prices in Great Britain.

Mr. MONTGOMERY, K.C.: With great respect, Mr. Chairman, I think not. If he is paying wages and he has to pay the same number of shillings, then your economic principles and exchange in the world's international money market, do not help him very much.

Mr. DUFF: What about goods prepaid in Liverpool and going to Canada?

Mr. MONTGOMERY, K.C.: We are talking cattle now and the money going back. But I do not want to argue the question, Mr. Duff.

Mr. DUFF: I do not think it is worth arguing about.

Mr. MONTGOMERY, K.C.: The \$2 is worth arguing about.

Mr. DUFF: But you can make that on this end on freight coming out.

Mr. MONTGOMERY, K.C.: 'No, we don't.

The CHAIRMAN: If they had full cargoes westward, the question of exchange would not matter.

Mr. DUFF: I don't care whether it is 100 per cent or 200 per cent, they make it coming westward whatever cargo they get.

Mr. SHAW: No, they cannot balance it.

Mr. DUFF: It may not balance but the difference is not worth talking about.

Mr. JOHNSTON: The shipper pays the \$20 anyway Mr. Chairman.

Mr. MONTGOMERY, K.C.: So that I can satisfy the Committee about that five versus four in the stall, will you be good enough to look at the official regulations themselves.

Mr. SYMINGTON, K.C.: It is only eight inches; we are not troubling about that.

The WITNESS: You have got here, in these regulations; "Cows in calf are to be given the same space as fat cattle." We are not permitted to ship those. We cannot land them. May I ask you, do you know that we get that eight or ten inches? I did not know that we got it.

Mr. MONTGOMERY, K.C.: Don't ask me, colonel, I can't tell you.

The WITNESS: Looking at the ships as they are fitted, I did not know that was the case.

By Mr. Montgomery, K.C.:

Q. I am merely talking about the regulations. You say that they are required when five are shipped instead of four.—A. I did not know that an

[Colonel Henry A. Mullins.]

additional eight inches were there. I thought it was two feet six inches for each and five went in four spaces.

Q. You now see that, whatever is done in practice, and I cannot help you out in that, the Government regulations call for eight inches extra?—A. Yes. I just want to explain to you about putting five in four spaces.

By Mr. Duff:

Q. Getting back to the question of space, colonel; does each animal have a separate pen?—A. No, four cattle stand between two planks put up in that shape, and the four cattle are in two feet six inches each, as I understand it, and then two planks up that way.

Q. Those four spaces are made for large cattle are they not?—A. Yes. There was a man shipped a short time ago a bunch of cattle loose, on one of the Government boats, and in 233 spaces he put 330 or 340 cattle. I stand to be corrected on one of the two numbers. Now that is absolutely wrong. And put them in loose. You cannot land the cattle in Scotland or England in good shape when you do that sort of thing.

By Mr. Black:

Q. What boat?—A. That was on one of the Government boats.

Q. Under inspection?—A. I don't know. They went over in that way, I was given to understand.

Q. How did they land?—A. I don't know. I heard, not very well.

By Mr. Duff:

Q. See if you can get my argument. You say in this ten foot space, sufficient space is there for four large cattle?—A. Yes, comfortably. But not all large ones. Mixed large and small.

Q. Supposing that the whole shipment was small cattle, 1,100-pound cattle, say 500 or 400 head, whatever the case may be; could it not be arranged either on these present steamers or on new ships which would be built, to have certain spaces for the smaller size cattle and then the two feet six inches for the large size? In other words, I want to find out if it is possible to reduce the space. For instance, you are paying \$20 a head; now if a 2,000-pound animal and an 1,100-pound animal were put together?—A. It is not very comfortable for the cattle to put four of those large cattle in those four spaces. You will generally mix your shipments with big and little. You do not put four 1,800-pound cattle in those stalls. There is generally an animal weighing 1,100 or 1,200 with two large ones.

Q. If you mix your cattle then you have to have a flat rate as Mr. Montgomery says?—A. Yes. I suggested the flat rate but I do not agree with putting five in four spaces. What I have seen landed did not land in good condition or as saleable as cattle that have plenty of room on the ship, and two feet six inches gives them ample room.

The CHAIRMAN: Colonel, you have told us at least ten times that you are not in favour of putting five cattle in the space intended for four.

By Mr. Montgomery, K.C.:

Q. Colonel, we will just clear up another thing in the record that might leave an erroneous impression. It is suggested that only about 100 head went by the steamers, as a general rule. My instructions are that they run from 230 up to 900.—A. Yes?

The CHAIRMAN: Order, please. I see that some people have difficulty in hearing what is going on. I must ask everyone not to talk except the Counsel and witness.

[Colonel Henry A. Mullins.]

By Mr. Montgomery, K.C.:

Q. You heard it stated that the number of cattle carried is only about 100 head?—A. I never heard of only 100. They have always carried more than 100.

Q. As a matter of fact my instructions are that they run from 230 up to 900.—A. Yes, 233 up as high as 900. The *Irishman* and *Welshman* will carry more if they open up other decks.

Q. You were speaking of a lot of light store cattle or stockers you sent over last year on which you lost some money, I think you said. That was right?—A. Yes, by the Canadian Government boat *Victor*.

Q. That was not the only shipment of cattle you made last year, was it?—A. Oh my, no.

Q. You were shipping right through the season, were you not?—A. Right through the season, yes.

Q. And this was just one lot tried out, of exclusively light stockers?—A. Yes.

Q. Not mixed in the way you described to Mr. Duff?—A. There were a few heavy cattle amongst them but mostly light cattle.

Q. Since that time you have been more or less mixing the heavier and light, carrying some store and some fat cattle?—A. Yes.

Q. And finding a ready market for them?—A. Yes, a fairly good market.

Q. What ever the ups and downs of the cattle business may be, and not wishing to pry unduly into your affairs, you made money in the cattle business last year, did you not?—A. Yes.

Q. I am speaking of course of the export business?—A. In the exporting of cattle bought on the markets, you are alluding to?

Q. Yes.—A. Yes, I made money. Some lost money.

Q. Some always will I think, in every line of business.—A. Yes; it was not all gain; there were some boats lost money.

Mr. MONTGOMERY, K.C.: That is all, colonel, thank you.

The CHAIRMAN: Any questions?

By Mr. Symington, K.C.:

Q. Colonel Mullins, Mr. Montgomery addressed some questions to you based upon a $13\frac{1}{2}$ cent price, what he called the ruling price to-day. What has been the ruling price for 1925 so far as you know?—A. 10 to $10\frac{1}{4}$.

Mr. MONTGOMERY, K.C.: I brought that out.

Mr. SYMINGTON, K.C.: I wanted to make it perfectly clear, because you insisted on the $13\frac{1}{2}$.

By Mr. Symington, K.C.:

Q. The ruling price, colonel, has been 10, to what?—A. 10 to $10\frac{1}{4}$. I have just come back, and while I was in Liverpool $10\frac{1}{4}$ was an exceptional price to gain.

Q. So that whatever comparisons were made on $13\frac{1}{2}$ would not be upon what has been the ruling price for 1925 nor yet for 1924.—A. No.

By Mr. Montgomery, K.C.:

Q. What was 1924, you told us eight or nine?—A. $9\frac{1}{2}$ to $10\frac{1}{4}$.

Mr. MONTGOMERY, K.C.: And you made money on that.

The CHAIRMAN: If there are no further questions, to ask the witness, I will thank him very sincerely for the valuable information he has given the Committee, and discharge him. I thank you very much, Colonel Mullins.

Mr. SYMINGTON, K.C.: I will call Mr. Moore.

[Colonel Henry A. Mullins.]

Mr. MONTGOMERY K.C.: Another cattleman?

Mr. SYMINGTON, K.C.: No.

WILLIAM W. MOORE. Called and sworn.

By the Chairman:

Q. Will you state your full name, sir.—A. William W. Moore.

Q. Speak so that everyone can hear you. What is your position?—A. I am General Manager of the United Dairymen Co-operative, Limited of Montreal and Belleville.

Q. Where is your home, sir?—A. Montreal.

Q. And what did you say the name of the company was?—A. The United Dairymen Co-operative, Limited.

By Mr. Symington, K.C.:

Q. Mr. Moore, your organization is one for the co-operative marketing of cheese, is it not?—A. Yes sir.

Q. Cheese for export?—A. Yes.

Q. How is cheese sold for the export market?—A. Cheese is sold on a c.i.f. basis.

Q. C.i.f., U.K.?—A. Yes. Cost, insurance and freight in shillings per 112 pounds.

Q. So that whatever freight is charged is against the price?—A. Against the price.

Q. And it is sold you say on the basis of shillings per cwt. of 112 pounds?—A. Yes.

Q. What percentage of your cheese is exported?—A. Of the cheese of Canada?

The CHAIRMAN: Of Canada or of his company?

Mr. SYMINGTON, K.C.: Of Canada.

The WITNESS: In 1924, the production of cheese in Canada was in round figures 150 million pounds. And the total export for the 12 months ending March 31st, 1925 was in round figures 126 million pounds. So that the percentage exported was 84.5 per cent.

By Mr. Symington, K.C.:

Q. Then it is essentially an export commodity?—A. Yes, it is essentially an export commodity, and the price is based and fixed by the price in Great Britain.

Q. Where was your cheese mostly exported to?—A. The greater part of our cheese goes to Great Britain.

Q. Is Great Britain a large importer of cheese?—A. Yes, the largest importer of cheese of any country in the world.

Q. Do you recall what she imports a year?—A. In 1924—I have not got the total imports into Great Britain but the figures I gave you before were our total exports for the year. While our total exports to Great Britain were 120,454,400 pounds and that was 34.8 of the total quantity of cheese imported into the United Kingdom.

Q. That is your 120 odd million were 34 per cent of the total imports to Great Britain? Whereas from New Zealand the percentage of the total export was 52 per cent.

Q. That is, New Zealand 52 per cent of the importation, Canada, 34.—A. Yes.

Q. What was the position before the war?—A. In the pre-war years Canada practically controlled the cheese market in Great Britain so far as imported cheese was concerned.

[Mr. William W. Moore.]

Q. So that since the war, the import by Great Britain of cheese has shifted from Canada to New Zealand?—A. Very largely, yes.

Q. Now what was your pre-war ocean rate on cheese?—A. Prior to 1913, the rate in ordinary storage was 20 shillings per ton of 2,240 pounds plus 5/- per ton for cold air accommodation. And in 1914, that rate was increased by 5/- making it 25/- per ton of 2,240 pounds, which would be equal to 27 cents per 100 lbs.

Q. That is in 1913; then it was 22 cents per hundred pounds?—A. 22 cents per hundred pounds.

Q. With air cooled?—A. Cooled air accommodation.

Q. In 1914, that was advanced to 27 cents, with cooled air accommodation?—A. The cooled air accommodation was extra in both cases.

By the Chairman:

Q. More than 22 cents and 27 cents?—A. Yes. It would be 27 cents per hundred pounds with air cooled accommodation in 1913, and 32 cents in 1914.

By Mr. Symington, K.C.:

Q. What is it to-day?—A. The rate to-day in ordinary stowage is 70 cents per hundred pounds, and in refrigeration an additional 35 cents, making a combined rate of \$1.05 per hundred pounds.

Q. Let us get it clear. Prior to the war, it was 27 and 32 cents with air cooled, or cooled air fanning system?—A. If you will pardon me, the cooled air was a special arrangement. By mechanical means the air was first cooled and then fanned through the hulls where the cheese was stored, which was partly insulated. It was not as good a cooling method as that in which the butter was carried, but it was a special arrangement for cheese; we had it in pre-war years, and we have not got it to-day. That is what I mean by cooled air accommodation.

Q. What I am trying to get, if you can give it to us, is a comparison between what you were getting for your money then and what you are getting for your money now?—A. The rate in 1914 was 32 cents with the refrigeration; the rate to-day is \$1.05.

Q. Was the air cooled 32 cents rate as good for the cheese men as the \$1.05 refrigeration?—A. Just as good.

Q. So that in your pre-war shipping you got all the accommodation you wanted, and just as good for your purposes to-day, for 32 cents, as what you are now paying \$1.05 for?—A. Yes.

Mr. MONTGOMERY, K.C.: That is not what he says.

Mr. SYMINGTON, K.C.: If my learned friend has any objection to make, I wish he would make it. I do not want him to sit here mumbling. If he has any objection to make, make it to the Chairman.

Mr. MONTGOMERY, K.C.: It is the old game of comparing one rate with another; it has been done so often that we will not go over it again.

The CHAIRMAN: Before this goes any farther, as I understand it—and I think the Committee understands it just as clearly as the Chairman—to-day they have a refrigerated space which is not the same as the cooled air space of ten years ago.

Mr. SYMINGTON, K.C.: Quite right.

The CHAIRMAN: The witness says that that refrigeration is more expensive but is not any better for the shipper.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: For the shipper of cheese, although this arrangement may be better for the shipper of butter, and he compares the rate in 1914, of 32

cents, which included this less expensive mode of cooling, with the rate of \$1.05, which includes the more expensive mode of refrigeration.

Mr. SYMINGTON, K.C.: And which is of no more use to him.

Sir EUGENE Fiset: He did not say it was less expensive or more expensive, Mr. Chairman.

By the Chairman:

Q. Am I correct, Mr. Moore, in my summing up of your evidence?—A. I think I said it was more elaborate.

Q. As a rule, a thing that is more elaborate costs more money?—A. Yes.

Mr. MONTGOMERY, K.C.: There is practically no cheese shipped in the refrigeration space, and if the witness says there is, he has a mistaken idea of the facts.

Mr. SYMINGTON, K.C.: My learned friend should possess his soul in patience. The Chairman has given the effect of the evidence of this witness, up to this moment.

Hon. Mr. STEVENS: Mr. Symington, give us a comparison of the rate which is in use now.

By Mr. Symington, K.C.:

Q. What is the ordinary stowage rate?—A. 70 cents per hundred pounds.

Q. Which is, as I understand it, an ordinary stowage rate?—A. Yes.

Q. And which is the rate upon which cheese is shipped to-day?—A. Yes.

Q. Is it as good for your purposes as the 32 cent rate was before the war?—A. Not during the hot weather.

Q. Why?—A. Because the ordinary storage to-day is in the ordinary holds of a ship which are cooled by ordinary cowl ventilators assisted by fans which after all take in the outside air at the prevailing temperature and force it through the cargo. But that air is not cooled as it was in pre-war times, with the cooled accommodation.

Q. As I understand it, however, you do ship now your cheese in ordinary stowage?—A. Ordinary stowage. Last year I think all the cheese moved at ordinary stowage, at the 70 cent rate.

Q. Was any of it affected by being sent in warm weather without storage?—A. Yes; last year we had a cool summer, no extreme hot weather as in years gone by. If we have a real hot summer, we will have complaints from Great Britain of our cheese arriving in a heated condition, the same as we had in the 90's.

Q. Have you any complaint then with respect to the comparison of this rate with other rates?—A. Yes, we feel that the rate on cheese in ordinary stowage, the 70 cent rate is too high based on a comparison with the rate on bacon. The rate on bacon is 50 cents per hundred pounds. Bacon is a more valuable commodity than cheese; the price of bacon on the export market is higher per hundred pounds than the price of cheese, and moreover the bacon that is shipped from the port of Montreal is largely American bacon. A very large quantity of it is American bacon, and we therefore feel that there is a discrimination against the Canadian cheese producer in favour of the American bacon producer, by a rate that for cheese is 20 cents per hundred pounds higher than for bacon.

Q. Have you anything to say, Mr. Moore, as to why New Zealand has captured the cheese trade from Canada?—A. Well, the fact is that our exports of cheese have declined in volume very considerably. In 1924, for instance, we shipped 103,000,000 pounds less cheese for export than we did in 1904, twenty years ago, and that means only one thing, that the cheese industry has been the

[Mr. William W. Moore.]

least remunerative branch in dairying in this country, because the quantity of milk produced in those years has increased from year to year, while there has been more money in the other branches of dairying, and other parts have been declining; and I want to emphasize this point before the Committee, that the producer of cheese in this country has to pay all these freight rates, in the final analysis, the freight charges to Montreal, and to and from Great Britain. He is selling in a world market, and has to meet competition, and all these charges; everything in the way of expenses comes out of the producer's pocket. There is no business that I know of that is carried on on such a small margin as the export cheese trade, and every fraction of a cent counts. It is therefore important that we should get for the producer, if he is to get a fair return for his labour, the least possible expense accounts, that we should keep the expenses of shipping cheese to Great Britain at the lowest possible point.

Q. Do you think the market could be recovered for Canada?—A. I think a further decline can be averted.

Q. Is there anything else you want to say to the Committee, Mr. Moore? —A. I might just say that I spoke a moment ago of the comparison of the rates on cheese and bacon. In previous years there has been the same rate on bacon as on cheese; for instance, in 1920, the rate on cheese in ordinary stowage was \$1 per hundred pounds, and the rate on bacon was \$1. In 1921 the rate on cheese in ordinary stowage was 75 cents per hundred pounds, and on bacon it was 75 cents per hundred pounds; in 1922 the rate on cheese was 75 cents, going down to 60 cents on the 1st of October of last year, and on bacon it was 60 cents. In 1923 the rate on cheese was 60 cents, on bacon 40 cents, and in 1924 the rate was increased on cheese to 70 cents, it remained at that until December, on bacon it was 40 cents, it went up to 50 cents, and it remains there to-day.

Q. So that the introduction of the differential between cheese and bacon took place in 1922, and has continued since then?—A. That is right.

By Mr. Duff:

Q. What was the rate on bacon in 1914?—A. I have not got it that far back; I have not got the figures.

Mr. DUFF: I don't think there was a commodity rate on bacon.

Mr. FLINTOFT: We had a rate of 23.63 cents in 1914.

Mr. SYMINGTON, K.C.: 23 cents and something.

Mr. DUFF: And the rate on cheese that year was 22 cents?

Mr. FLINTOFT: The rate on cheese was 31.32.

Mr. SYMINGTON, K.C.: In ordinary stowage?

Mr. FLINTOFT: Yes.

The WITNESS: In 1914 the rate on cheese was 25 shillings per ton of 2,240 pounds.

Mr. FLINTOFT: 27 shillings plus 5 per cent in 1914 on cheese, and bacon was 23.63.

By Mr. Symington, K.C.:

Q. Where did you get your figures, Mr. Moore?—A. Just from the Board of Trade records in Montreal.

Mr. SYMINGTON, K.C.: Is there a tariff of 1913?

Mr. FLINTOFT: No.

Mr. SYMINGTON, K.C.: Mr. Marlow says there is. We asked for it.

Mr. MONTGOMERY, K.C.: You will get them all in the minutes, I suppose. They go back that far. I have not checked them up myself.

[Mr. William W. Moore.]

Mr. SYMINGTON, K.C.: We might as well settle this now. We asked for the 1913 tariff. Mr. Marlow says there is one. We cannot make the comparison we want until that tariff has been filed.

Mr. MONTGOMERY, K.C.: Your witnesses so far do not seem to have much difficulty.

The CHAIRMAN: If the tariff is in existence, surely Mr. Marlow will be glad to file it instantan, if he has it with him.

Mr. FLINTOFT: He has not got it with him, sir.

Mr. MARLOW: I will get it.

The CHAIRMAN: Telephone down to-night, and have it sent up on the morning train so that it may be here for to-morrow's session.

Mr. FLINTOFT: Will you make an order to that effect?

The CHAIRMAN: I do not want to make an order. To Mr. Marlow a request will be quite sufficient.

By Mr. Symington, K.C.:

Q. How about space, Mr. Moore; do you have any difficulty getting space?
—A. No, there is plenty of space, in ordinary storage.

Q. Do you want to ship cheese in refrigerator space?—A. Yes, if the rate was low, like it was in pre-war years. You will understand that we do not want too low a temperature for cheese. When I speak of a cool temperature, we have 35 or 40 degrees; that is all that is required to-day. I can quite understand that steamers fitted with refrigerator facilities, capable of putting the temperature down to 10 degrees below zero are not likely to carry cheese in those chambers, because they can carry butter, frozen meats, frozen fish and so on in those chambers, and it is unfortunate that we are back in our facilities as compared with pre-war years. In 1896 we had no refrigeration on ocean steamers, and the Dominion Government went to the steamship companies and induced them to put refrigerator chambers in their steamers for cargo accommodation, and the Dominion Government paid one half the cost of putting in those air chambers up to \$10,000 a ship. In a few years we had plenty of ships sailing from Montreal with splendid accommodation for all classes of perishable goods, and to-day we are back to the old accommodation for cheese that we had prior to 1900.

Q. Now, just to clear up one point which came out, is there any objection to cheese going in refrigerated space?—A. Not at a proper temperature, a temperature of not lower than 35 degrees.

Q. If it went at 25 degrees, would it injure the cheese?—A. Yes, it would freeze the cheese.

Q. You would not want to freeze the cheese?—A. No.

Q. So your situation is that you have to take ordinary stowage because there is not what we might call "cooled air" stowage at 35 to 45 degrees?—A. I would like to make this point clear. In my comparison of bacon, I stated the rate on bacon to-day was 50 cents and the rate on cheese 70 cents. The statement will be made that bacon will show somewhat better than cheese, and that therefore cheese should carry a higher rate. I will admit that there is something in that contention, but I will claim that the difference should not be over five cents a hundred pounds, a difference of five cents. For instance, on a rate of 50 cents on bacon we think a fair rate on cheese would be 55 cents, because bacon will show slightly better than cheese in the hold of a ship. The only other comparative rate I have—and I will give it for what it is worth, and subject to correction by the steamship companies—is a rate which I understand, is in effect from Vancouver across the North Pacific to China on cheese, and in the ordinary storage the rate would be 60 cents per hundred pounds, and the distance from Vancouver to Hong Kong is 6,298 miles.

[Mr. William W. Moore.]

By Mr. Flintoft:

Q. What was the rate?

Mr. SYMINGTON, K.C.: Sixty cents from Vancouver to China, ordinary stowage, as opposed to the 70 cent rate.

The WITNESS: Which is for about 3,000 miles, across the North Atlantic.

By the Chairman:

Q. How far is it across the Pacific?—A. From Vancouver to Hong Kong it is 6,298 miles.

By Hon. Mr. Stevens:

Q. How much cheese is shipped that way?—A. Very little. As a matter of fact, there were 178 tons, but the less cheese you would naturally expect a higher rate.

The CHAIRMAN: Mr. Montgomery, are you ready to cross-examine this witness?

Mr. MONTGOMERY, K.C.: Mr. Flintoft will cross-examine him.

By Mr. Flintoft:

Q. Mr. Moore, you said you were the General Manager of the United Dairymen's Co-operative? Your headquarters are at Montreal, are they?—A. Yes sir.

Q. And just how do you carry on business, Mr. Moore? Do you export cheese?—A. No, not directly. We sell the cheese at auction to the exporters in large parcels. We bring it in to Montreal and Belleville; have the cheese crated, the weights averaged, the boxes coopered ready for export, and offer them for auction twice a week, at the Board of Trade, Montreal, to exporters.

Q. And the cheese is not necessarily immediately exported?—A. No.

Q. Sometimes it changes hands two or three times after you sell it?—A. Sometimes.

Q. So that your price is not necessarily the c.i.f. price on the actual exportation, is it?—A. On the day of the sale we always compare—we have cables from England on that day and we compare that price with the price we are offered, and we take into account freight, marine insurance and the handling charge at Montreal, to arrive at what is a fair market price. We try to get that fair price, or else we do not sell.

Q. Your exportation to Great Britain you gave us for 1924, was it, was 120,000,000 odd pounds?—A. Yes, for the twelve months ending March 31st, 1925, 120,454,400 pounds.

Q. And how is your present exportation comparing with the same period last year?—A. That is, you understand, for the year ending March 31st last.

Q. I quite understand, but how does your present exportation, say week by week, compare with the same time last year?—A. We have exported rather a larger quantity this year, taking from the 1st of May up to date, than we did last year in the same time.

Q. I have a clipping here of last week, from the Montreal Star, in which it says that the cheese exports from Montreal for the week ending May 9th show a slight increase over those of the previous week, but are more than double those of the corresponding week of last year, the figures being 13,180 boxes, as compared with 12,812 boxes during the previous week, and 6,349 boxes last year. That is correct, is it?—A. That is correct. It is just the beginning of the season, you understand, and although it shows double the shipment of last year, the shipment last year was very very small. Both shipments are small to what will happen a month hence.

Q. We have a record of cheese exported to the United Kingdom dating the years ending March 31st, and the figures I have here are: 1923, 1,065,504 boxes; in 1924, 1,103,816 boxes and in 1925, 1,204,544 boxes. That does not look as though the year ending March 31st 1924 was so very much below the last year?—A. No, there was a slight increase in the last year, but the general tendency, taken over a period of ten years, has been downward. There have been minor fluctuations in certain years, of course.

Q. But of course, you do not attempt to compare the present export of cheese with the export during the war years, or the years immediately succeeding the war?—A. I have compared with 1904, which is twenty years ago.

Q. 1904?—A. Yes.

Q. A lot of water has passed over the dam since 1904, has it not?—A. Yes.

Q. In the dairying industry?—A. Yes.

Q. In fact, the conditions in the dairying industry have almost completely changed since 1904, have they not?—A. Just as I say, the production of cheese has decreased, and the export of cheese has decreased, and the quantity of milk going into other commodities, such as butter, condensed milk, ice cream and cream shipments to the United States, has increased.

Q. In fact, the production of butter has increased enormously, has it not?—A. Yes.

Q. And the ice cream trade, as it exists to-day, was practically unknown in 1904, as it is known to-day?—A. Yes, there has been a big increase in the ice cream trade.

Q. And you might say the same of the condensed milk trade?—A. Yes.

Q. And the export of milk and cream to the United States, to large centres in the United States?—A. Yes.

Q. So that while you may say that the cheese industry has lagged, it is rather because the farmer has got better prices for his products through these other outlets?—A. That is another way of putting what I said, that cheese has been the least remunerative of the different branches of dairying. If there had been more money in cheese the farmer would have continued to make cheese, and there would have been less going into cream, butter, and condensed milk.

Q. He, like a wise man, has sold for whatever purpose he could get the most money?—A. Exactly.

Q. Now, you stated, I think, that prior to 1913 your rate for ordinary stowage was 20 shillings, plus five shillings for cooled air?—A. Per ton of 2,240 pounds.

Q. Yes, per ton, and in 1914 that was increased to 27 shillings, plus five shillings for cooled air accommodation?—A. Yes.

Q. Just for your information I might say that as was pointed out before, the rate in 1914 was 27 shillings plus five shillings, which works out in currency at 31.32 cents per hundred pounds.

Mr. SYMINGTON, K.C.: We might as well clear this up now, because we had a discussion about butter, over Dr. Ruddick. This was the authority for butter, and I find this is also the authority for cheese. Dr. Ruddick writes to Dr. Grisdale and says:

“Going through some papers to-day I found a memorandum which was supplied to me by Mr. Marlow in 1920, covering the rates on cheese and butter. I have added to this memorandum the rates for 1924, and I now enclose copies.”

The memorandum which he says he got from Mr. Marlow in 1920—as we are discussing cheese—is: Pre-war, ordinary cargo, 25 shillings per ton of 2,240 pounds, or 22.3 cents per hundred pounds, plus five shillings per ton for cooled air space, which equals 4.9 cents per hundred pounds, or a total rate for cooled air of 27.2 cents per hundred pounds. To clear up the dispute about butter the other day, Mr. Marlow's memorandum has: Pre-war, 25 shillings per ton

[Mr. William W. Moore.]

of 2,240 pounds, which equals 22.3 cents per 100 pounds, plus cold storage rate of 10 shillings per ton which equals 9.8 cents, a total rate in cold storage of 32.1 cent per hundred pounds, which you will remember was the figure given, which they said was 51.

The WITNESS: That agrees with my figures exactly.

Mr. FLINTOFT: This is not, of course, an exact copy of the memorandum.

Mr. SYMINGTON, K.C.: Yes, Dr. Ruddick says they are copies.

By the Chairman:

Q. These figures, Mr. Moore, which you have just heard—are those the same as the figures which you quoted to-day?—A. Identically; they are exactly the same figures I have quoted.

By Mr. Flintoft:

Q. Now, Mr. Moore, you tell us that the refrigerator rate is \$1.05 per hundred pounds, but you have no knowledge of anyone ever asking for refrigerated space for cheese?—A. I know that recent evidence gives the rate as prohibitive; 35 cents additional is prohibitive.

Q. Are there many claims on cheese in ordinary stowage?—A. In the hot seasons, yes.

Q. In your experience have there been any?—A. I was over in England a good many years ago in a very hot summer. I went over to investigate that especially, and there were thousands of boxes—yes, thousands and thousands of boxes of Canadian cheese arrived there in a disgraceful condition through the heat.

Q. How long ago was that?—A. Twelve years ago.

Q. At that time was there not cooled air accommodation?—A. No, it was before the cooled air; it was shipped in ordinary stowage. It was shipped. I understand, in ordinary stowage from Montreal.

Q. You said you had a cooled air rate prior to 1913?—A. I did not mean to say "12 years ago." I did not realize that time was passing so quickly. When I come to think of it, I realize that what I refer to was in the year 1901; that is 24 years ago.

Q. And you remember about claims 24 years ago?—A. I do not remember about the claims, but I remember about the cheese I saw in London and Bristol and Liverpool and Glasgow.

Q. And it was all in a poor condition?—A. Not all of it, but a very large proportion.

Q. Do you know where it was stowed?—A. In the ordinary hold of the ship.

Q. It was stowed in the ordinary hold of the ship?—A. I will tell you why I know that. For 18 years, prior to 1920, I was chief of the Market Division of the Department of Agriculture in Ottawa, and as such I had charge of the work that the Department carried on, and still carries on, in the ports of Canada and the ports of Great Britain, and I used to go to Montreal and watch the loading of the ships, and on several occasions I have been across and watched the unloading, and I was receiving the reports of the Cargo Inspectors continuously, so I am conversant with what went on, particularly previous to the war years.

Q. Well, since you get the cooled air accommodations is there a difference in the claims?—A. Yes. Our cheese arrives in a very much better condition with cooled air; we have splendid accommodations in the ships, and splendid service.

Q. Do you know, as a matter of fact, Mr. Moore, that at the present time there is practically cooled air accommodations in ordinary stowage?—A. In ordinary stowage?

[Mr. William W. Moore.]

Q. Yes?—A. No. I know there are fans fanning ordinary outside air through the hold; that is not cooled air, though.

Q. But it serves the same purpose?—A. Not to the same extent.

Q. Not to the same extent?—A. Oh, no.

Q. Have you ever heard any of the people who were actually shipping cheese complain of that accommodation?—A. Oh, yes.

Q. You have?—A. Oh, yes.

Q. Recently?—A. Last summer.

Q. And yet you say that last summer was a cool summer—A. I say the complaints were not at all numerous. I say if we get a hot year—and I am prophesying now—we will have a lot of trouble; if we do not have a hot year, we won't.

By the Chairman:

Q. By the way, where is your home?—A. I was born in Charlottetown, P.E.I.

The CHAIRMAN: Mr. Sinclair, we have explained the excellence of this witness.

By Mr. Flintoft:

Q. Mr. Moore, you have compared cheese with bacon. Do you know what competition there is with Canadian bacon in England?—A. Yes.

Q. What is the principal competition?—A. Canadian with Danish bacon, mostly, and American.

Q. Which gets into Great Britain at a much lower rate, does it not?—A. I presume the Danish bacon does.

Q. And if that is a fact, it would have some influence, naturally, on the rates, would it not—the rate from the United States or Canada?—A. Well, I do not know that.

Q. You do not know that?—A. No.

Q. Is that a reasonable assumption? If our bacon is to be put into England in competition with the Danish bacon, the tendency would be to assist, if possible, in the ocean rate?—A. I presume so. I wish it would have the same tendency with cheese to assist us in our competition with New Zealand.

Q. Is it not a fact that you get a better price in Great Britain than in New Zealand?—A. No, no quality for quality—about on a parity.

Q. You do not agree with some of the witnesses who gave evidence this afternoon?—A. The best Canadian cheese and the best New Zealand cheese sell about the same. You understand there is a seasonal difference. For instance, to-day the spot price in London for New Zealand cheese is about 96 shillings, whereas the spot price for Canadian cheese in London to-day is about 91 shillings. That is because our cheese are fodder cheese, and New Zealand's is grass.

Q. You would not compare the cheese produced at this time of the year in Canada with the New Zealand cheese produced from grass?—A. No; but taking it the year round, the best Canadian cheese and the best New Zealand cheese sell on about a parity.

Q. Then you do not agree with the actual exporters who gave evidence to the effect that Canadian cheese leads the van in Great Britain?

Mr. SYMINGTON, K.C.: I do not remember any evidence from actual exporters.

The WITNESS: I agree to this extent, that we produce the finest cheese in world. Our best cheese is equalled by none. I heard the evidence to-day, and I heard Mr. Arthur Hodson say practically as I am saying now, that there was no difference, taking the year around, between the best Canadian cheese and the best New Zealand cheese.

[Mr. William W. Moore.]

By Mr. Flintoft:

Q. And you would take Mr. Hodson's evidence rather than the evidence of the other exporters?—A. I would take Mr. Hodson's evidence as corroborative of what I know myself—my own knowledge.

Q. There seems to be some difference of opinion then between the exporters?—A. I did not hear any evidence to any other effect.

The CHAIRMAN: What evidence are you talking about?

Mr. FLINTOFT: I am speaking of the proceedings before the Railway Commission to-day. I assume I may question the witness on that?

The CHAIRMAN: As you were talking about evidence, and not mentioning the Court before whom it was produced, I was taking the perhaps erroneous assumption that you were talking about evidence produced before this Committee.

Mr. FLINTOFT: I have heard of cheese that was as hard as leather, but I do not believe the evidence being given this afternoon was about that cheese. As a matter of fact, Mr. Moore and I were having a little conversation about what occurred in another place.

Mr. MONTGOMERY, K.C.: Does it not all illustrate that even controlled rates, and before a Board as efficient as the Railway Commission, these wrangles will still go on, regarding railroad rates as well as ocean?

The CHAIRMAN: I do not know what the last remark refers to at all. Proceed, Mr. Flintoft.

By Mr. Flintoft:

Q. Mr. Moore, do you seriously contend that this decline in cheese is due to the ocean rates?—A. I have never said so.

Q. Then, when you told Mr. Symington that you had hopes that the decline would be stopped, you were not referring particularly to any relation with ocean rates?—A. Oh, yes, ocean rates among other things. I said if we could reduce the cost of landing our cheese all along the line to Great Britain it would have a tendency perhaps to arrest the decline.

Q. And if you could reduce the cost of production, it would have the same tendency?—A. Certainly.

Q. And I understand the cost of production has gone up about 100 per cent since 1913?—A. Yes, I have no doubt it has, but unfortunately our freight rates have gone up $3\frac{1}{2}$ times; in refrigeration, not on ordinary stowage?

Q. Not from the figures we have here. Of course, if you are comparing—

Mr. MONTGOMERY K.C.: That is the Symington comparison.

Mr. FLINTOFT: —the rate that Mr. Symington puts in of 27 cents with \$1.05, that is correct, but on the basis of ordinary stowage, which are the only comparable rates, it is about $2\frac{1}{2}$ times.

The WITNESS: 27 cents in ordinary stowage against 70.

By Mr. Flintoft:

Q. 31.32 as against 70?—A. We do not agree with your figures.

The CHAIRMAN: No, if you are going to compare the 31.32, you must compare it with \$1.05.

Mr. FLINTOFT: 31.32 is ordinary stowage, according to our tariff.

The CHAIRMAN: We have a letter from Mr. Marlow—

Mr. FLINTOFT: Excuse me, if you have been following this, you have not a letter—

The CHAIRMAN: I have been following this as closely as I can. Produce the letter, Mr. Symington, and we will see.

[Mr. William W. Moore.]

Mr. SYMINGTON, K.C.: The letter was exactly as I read it, but perhaps this will be an opportune time to make an explanation. I think Mr. Flintoft is wrong, with all due respect to him that 27.12 was the rate for ordinary stowage—

Mr. MARLOW: Plus five shillings.

The CHAIRMAN: Let us compare ordinary stowage with ordinary stowage.

Mr. FLINTOFT: As Mr. Marlow has corrected it it would be 27.12 with 70.

Mr. SYMINGTON, K.C.: Mr. Marlow has pointed out, Mr. Chairman,—so we will get this thing clear—that in the memo which his office sent to Dr. Ruddick, apparently they made a mistake in converting sterling into cents per hundred, because Mr. Marlow's office turned 25 shillings per ton of 2,240 pounds, into 22.3 cents per 100 pounds. Mr. Marlow now shows me his conversion book which shows it is 27.12, so that if his office converted this at par, apparently they made a mistake. That is Mr. Marlow's explanation.

The CHAIRMAN: So to-day, am I right in speaking stating from all these explanations, we draw this fact, that the rate on cheese in ordinary stowage in the year 1914 was 27.12 per hundred pounds.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: To-day, in 1924, it is 70 cents per hundred pounds.

Mr. SYMINGTON, K.C.: Yes. In 1914, if you added the chilled air, you add 9.8 cents.

The WITNESS: Five cents.

Mr. SYMINGTON, K.C.: 4.9 cents for the cooled air space. To-day there is no cooled air space, and you add 35 cents for cold storage.

The CHAIRMAN: For refrigeration. Anyway, whether we—

Mr. MONTGOMERY, K.C.: The Manchester Lines have cooled air space, as formerly.

The WITNESS: Not that I know of. There is no rate under 35 cents and it is refrigerated space, capable of putting the refrigeration down below 30 degrees.

The CHAIRMAN: I think I have it now. Thank you very much. You will excuse my interruption but it is just as well to get it cleared out of the way.

By Mr. Flintoft:

Q. Mr. Moore, do you know what the condition is in the packing of New Zealand cheese, as compared with Canadian?—A. No, I do not know. I am acquainted with the package from New Zealand. They use a crate, carrying about 82 pounds each. It is a more substantial package than the Canadian one.

Q. About this rate from Vancouver to China it is ordinary stowage?—A. Yes, sir.

Q. They do not seem to have much trouble with claims, there, do they?—A. Well, the quantity shipped was most extraordinarily small, I merely give that as a rate.

Q. It passes through warmer temperatures than the cheese going to Great Britain?—A. I do not know if the cheese was shipped in ordinary stowage or not. That is the ordinary stowage rates that I got from the C.P.R. in Montreal, and they gave me that rate as approximately. That is the word they used, "approximately," 60 cents per hundred pounds and I have the figures of what was shipped, and was only 178 tons last year.

The CHAIRMAN: I might say that the witness was careful to say that he gave it subject to correction.

[Mr. William W. Moore.]

By Mr. Flintoft:

Q. Have you any knowledge as to how the return cargoes from the Orient compare with those from Great Britain?—A. I have no knowledge.

Q. It would have a considerable effect on the rate, would it not?—A. I presume so.

Q. If they were much more remunerative?—A. Yes.

The CHAIRMAN: In connection with that I would draw your attention to my recollection that some of the witnesses for the steamship people said that the westbound rate on the Atlantic, United Kingdom to Canada did not affect the rate from Canada to the United Kingdom.

Mr. FLINTOFT: Oh! no; I did not ask Mr. Moore, if you followed me, what the rate was on the cargo from the Orient to Canada. I asked what sort of return cargoes they were, if he knew anything about them. As a matter of fact, it is a matter of common knowledge that the ships from the Orient carry silk, as one of the important cargoes, the highest priced and the most remunerative cargoes. I am not suggesting that the rate on silk affects the rate on cheese, but I am suggesting that the eastbound or the westbound voyage from the Orient to Canada affects the general operation of the steamers and affects what they have to get on the westbound voyage.

The CHAIRMAN: I could not understand the evidence to the contrary given before.

Mr. FLINTOFT: The Chairman misunderstood the distinction which Mr. Marlow drew. He drew a very clear distinction between the rate and the earnings.

The CHAIRMAN: Your earnings must come out of the rates that you impose upon the traffic?

Mr. FLINTOFT: Certainly, but if you have to come westbound in ballast you have to get more eastbound; similarly if you come westbound with 80 per cent vacant space you have to make it up.

The CHAIRMAN: I would agree with you thoroughly, and that is why I could not understand that the rates on articles going one way do not affect articles going the other way.

Mr. FLINTOFT: I can only say, from what I heard of the evidence, that it was not that the rates had no effect, that is rates as rates. The earnings have an effect. That was Mr. Marlow's evidence and he has repeated it several times since.

The CHAIRMAN: Any more questions?

By Mr. Kennedy:

Q. In connection with the export of cheese, I would like to ask one or two questions: Before the cheese leaves Montreal, the packages are all coopered and placed in good shape for stowage?—A. Yes. The boxes are all gone over and cut down, if they are too high; the covers are all nailed and packed, that is if the cover is bigger than the box; there is a piece of wood put on to that and if there is any split veneer, there are clamps put on and if the box is badly split, it is wired; there is a wire put on by a machine in the warehouse.

Q. In your experience, would there be many claims or would there be much damage done to boxes in transit from Montreal to United Kingdom points?—A. There is more or less damage. I think there is not any more than is inseparable from the handling of a package of that character.

Q. Can you give an estimate of what percentage of boxes would require coopering on the other side, when they reach there?—A. No. I would not care to give an estimate of that.

[Mr. William W. Moore.]

Q. It would be rather small, would it not?—A. It would not be very large, I would not think.

Q. Because they are all in good shape when they leave?—A. Because they are all in good shape when they leave, and the steamship companies keep coopers on the dock in Montreal, so if an occasional box got broken, it is coopered before it goes on board the ship. We had some trouble years ago, when they used a rope net for putting the cheese on board but they use a platform sling now, and the cheese is hoisted onto that and put into the hold, and my experience was, previous to the war—things slackened up while the war was on—in stowing the cheese, with careful stowage in the hold and careful handling on the other side, the breakage is not exceptional, from the type of package we use.

Q. Another thing, as to how the prices can be reflected to the producer in Canada. You are familiar with the cheese trade, and the cheese board is organized throughout the various sections of this country and prices quoted thereon?—A. Well, the price is reflected in this way. The exporter takes his price on the c.i.f. basis; he takes it in at 212 pounds, and that is quoted on our rate of exchange on the 30 day bills and the cheese is that price—the ocean rate, insurance, handling, the marine and warehousing charges, railway freight from the shipping point to Montreal and any expense here, which his local agent has been to in buying at the country point.

Q. The exporter in Montreal sends out instructions to his buyers on the local country cheese boards and sets a certain price?—A. Gives them a limit, based on the cable price of that day.

Q. So that the world market price is directed on that?—A. Absolutely. The farmer, in Nipissing, who is sending milk to a small cheese factory has his price based on the price of cheese in London at that time.

Q. Your experience as to the the sales that are made on the country boards—the prices on the cheese board vary by small fractions?—A. As a rule, yes.

Q. A fraction of only one-eighth or one-sixteenth of a cent is quite important?—A. One-eighth is quite important on a cheese trade; one-sixteenth of a cent is very often sufficient to prevent a sale between the buyer and the seller. I had an offer of a parcel of cheese last week and there was one-sixteenth of a cent between the bid and what I wanted and there was no sale.

Q. That quite frequently happens?—A. Yes.

By Mr. Flintoft:

Q. Is it not a fact that a good deal of damage is done to boxes on this side of the water, which is taken care of by cooperage here?—A. You understand that 90 per cent of all cheese, at least, exported from Montreal, passes through the warehouses of the exporter and they are coopered there. We cooper all the cheese we sell in shapes, and they go right aboard.

Q. Have you a warehouse of your own?—A. Yes.

Q. When you sell the cheese it goes direct from your warehouse to the wharf?—A. If it is going to be shipped that day or that week, it does. If it is going to be held, we might hold it in part of our warehouse building or it might be transferred to the buyers warehouse.

Q. I suppose this cheese, as you said, was transferred around two or three times, say, from the time it leaves your hands until it is loaded on the ship; it may be some weeks?—A. As I said, at times cheese may pass through two or three hands before it is finally exported but, as you understand, I do not say it is common practice, but it does happen. There is a lot of inter-trading between firms in Montreal. Coopering would be done in every case by the present owners of the cheese.

[Mr. William W. Moore.]

Q. There may be cooerage at the wharf, when it finally lands there?
—A. Yes.

The CHAIRMAN: Is that all? If so, I am going to thank Mr. Moore very cordially on behalf of the Committee and discharge him.

Witness discharged.

Mr. SYMINGTON, K.C.: I have another witness, but some of the members are complaining about the lateness. I would like to settle about the question of these log books coming up from Montreal, if we could get that settled.

Mr. MONTGOMERY, K.C.: As a matter of fact I have made inquiries to-night—the first opportunity I had—from Major Cairns, and he tells me that the captain of the Cairnview, I think it is, the one in port now—

The CHAIRMAN: The Cairn boat that is in Montreal?

Mr. MONTGOMERY, K.C.: This is its first trip out. It is his first trip on the boat, and the other one will arrive on Thursday morning and will be available, and we can get him up here. If it were necessary we could get him off at Quebec and get him up on Thursday but I do not think there is any such rush as that. We can have him on Friday, or again, if you want to come to Montreal on Friday we can show you that log book and many others.

The CHAIRMAN: I think that should be satisfactory. We will have it here on Friday, unless some other arrangement is made. Is there anything else?

Mr. SYMINGTON, K.C.: I have Mr. Cornell here, if you want to go on.

The CHAIRMAN: Is Mr. F. C. Cornell present? I would like a formal motion passed that he should be heard. I understand Mr. Symington would like to examine him and there has been no formal motion.

Hon. Mr. STEVENS: Who is he?

The CHAIRMAN: For many years he was Secretary of the Millers' Association. I saw him earlier in the evening, but apparently he is not here.

Mr. MONTGOMERY, K.C.: We can answer some of these questions now, if it will help Mr. Scott. Some of the accountants are here. Mr. Thompson for instance.

The CHAIRMAN: That will not only fill in the time but I hope usefully advance the enquiry.

THOMAS HUGH THOMPSON, called and sworn.

By the Chairman:

Q. Your full name, Mr. Thompson?—A. Thomas Hugh Thompson.

Q. And you come from what city?—A. Newcastle-upon-Tyne, England.

Q. And you are a chartered accountant, sir.—A. No, I am Chief Accountant to the Cairn Line of steamships.

Mr. SYMINGTON, K.C.: I would like very much to have Mr. Scott here, but he does not seem to be here either.

Mr. MONTGOMERY, K.C.: If you do not want to question him now, I am quite satisfied.

The CHAIRMAN: If Mr. Scott is not present, and Mr. Cornell is not present, and it is almost half-past ten, I think we had better adjourn until to-morrow. I have sworn this witness, Mr. Thompson, but we will not hear him this evening because Mr. Symington wishes to have his accountant with him.

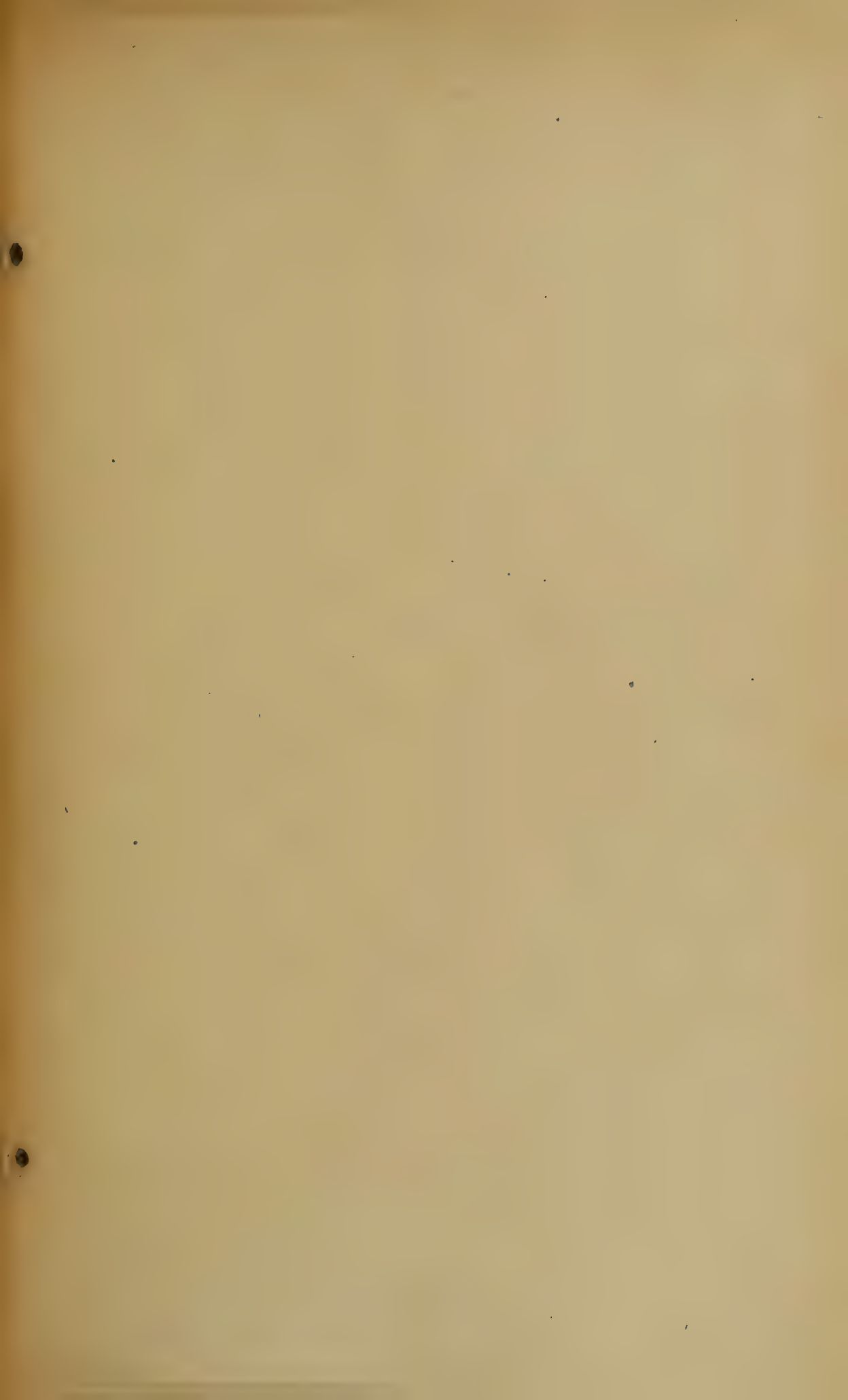
[Mr. William W. Moore.]

Mr. DUFF: If we do not meet to-morrow night, I would suggest that we meet to-morrow morning, and to-morrow afternoon, commencing at 11.30 to-morrow until 1.

The CHAIRMAN: Half-past eleven does not give us very much time. I think we should not begin later than 11.

Then the Committee stands adjourned until 11 o'clock to-morrow morning.

The Committee adjourned.





Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 19—Wednesday, May 20, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. F. C. Cornell, Late Secretary, Canadian National Millers Association,
Montreal
Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-upon-Tyne,
England. (*Concluded*)
Mr. Stewart B. Brown, Manager, Transportation Department, Canadian
Manufacturers' Association, Toronto.
Mr. William A. MacKay, Secretary, Dairymen's Association of Nova
Scotia, Truro, N.S.
Mr. Howard B. Clemes, General Manager, United Farmers Co-operative
Company, Toronto

OTTAWA

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1925

EXHIBITS

- No. 79—Statement prepared by the Canadian Manufacturers' Association on certain goods, Ocean Rates to United Kingdom, dated 1-3-24. Filed by Mr. S. B. Brown. (Read into evidence)
- No. 80—Statement showing ocean freight rates on various commodities, Canadian ports to United Kingdom ports 1921-1925. Filed by Mr. S. B. Brown. (Read into evidence)
- No. 81—Circular letter re Ocean Rates—proposed increase, 1924, sent out by Canadian Manufacturers' Association, dated 29-1-24. Filed by Mr. S. B. Brown. (Read into evidence)
- No. 82—Circular letter dated 4-2-24, sent out by Canadian Export Club of Toronto on the subject of Ocean Freight Rates—proposed increase, together with schedule of protests received. Filed by Mr. S. B. Brown.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

WEDNESDAY, May 20, 1925.

The Committee met at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black (Halifax), Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

On the suggestion of the Chairman it was agreed that the Fifth Report of the Committee be amended by the addition of the following:—

“That an additional 350 copies be printed for those interested who may make application therefor.”

A letter was received from Mr. Duncan Campbell of Montreal, containing the weekly quotations on Canadian cattle sold in Birkenhead in 1924. Contents of this letter was discussed by counsel and it was ordered that before filing same as an exhibit, Mr. H. J. Symington, K.C., communicate with Mr. Campbell as to the correctness of certain figures mentioned therein.

The Clerk was ordered to communicate, by telephone, with Mr. Duncan Campbell instructing him to be in attendance on the Committee at its next session.

Mr. Frederick C. Cornell, Late Secretary, Canadian National Millers Association, Montreal, who was in attendance in obedience to summons, was called, sworn, examined and was discharged from further attendance.

Mr. Thomas H. Thompson, Accountant, Cairn Line, Newcastle-Upon-Tyne, England, who was in attendance, was further examined and retired.

The Committee adjourned at 1 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m. the Chairman, Mr. McMaster, presiding, and with all the Members of the Committee present, with the exception of Hon. E. J. McMurray.

Mr. Thomas H. Thompson, who was again in attendance, was further examined, and was discharged from further attendance.

Mr. Stewart B. Brown, Manager, Transportation Department of the Canadian Manufacturers Association, Toronto, who was in attendance in obedience to summons, was called, sworn, examined and retired.

During the course of his examination the witness filed the following Exhibits, which with the exception of No. 82, were read into the evidence:—

No. 79. Statement prepared by the Canadian Manufacturers Association on certain goods, Ocean Rates to United Kingdom, dated 1-3-24,

- No. 80. Statement showing ocean freight rates on various commodities, Canadian ports to U.K. ports 1921-1925,
- No. 81. Circular letter *re* Ocean Rates—proposed increase 1924, sent out by the C.M.A., dated 29-1-24,
- No. 82. Circular letter dated 4-2-24 sent out by the Canadian Export Club of Toronto on the subject of Ocean Freight Rates—proposed increase, together with a schedule of protests received.

Mr. William A. MacKay, Secretary, Dairymen's Association of Nova Scotia, Truro, N.S., who was in attendance was called, sworn, examined and was discharged from further attendance.

Mr. Howard B. Clemes, General Manager, United Farmers Co-operative Company, Toronto, who was in attendance in obedience to summons, was called, sworn, examined and was discharged from further attendance.

The Committee adjourned at 6.15 o'clock p.m. to meet at 11 o'clock a.m. Friday, May 22, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

WEDNESDAY, May 20, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock, a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order. I placed before the Committee the other day the fifth report, which I was not able to present to the House, and since I submitted this report to the Committee and obtained its approval, I find that there has been difficulty experienced by members, including myself, in getting copies of our evidence for distribution to those who are interested. I suggest that I be allowed to add to my report words substantially as follows:—

“That an additional 350 copies be printed for those interested who may make application therefor.”

Is that satisfactory, gentlemen? The report will be re-drafted, as I am not entirely satisfied with that phraseology.

Now, gentlemen, I received in this morning's mail from Mr. Duncan Campbell the weekly quotations on Canadian cattle sold in Birkenhead in 1924. I think that might usefully be put in. We had testimony from Mr. Mullins as to one certain market and general assertions as to general prices, but Mr. Campbell has sent me the weekly quotations week by week for the whole year. I think that might be put in.

Mr. MONTGOMERY, K.C.: What report is that?

The CHAIRMAN: Birkenhead. I order it be filed as an exhibit. I would ask counsel's views in regard to putting that in. Mr. Duncan Campbell is a man of repute and leading in the business. I could have him come here to testify as to the correctness of his figures, but I take it counsel will be satisfied to have me put it in in this informal way.

Mr. MONTGOMERY, K.C.: I do not know what the views of Mr. Campbell are on the cattle question. I have only seen him once, but when I saw him he did not seem impressed with the hardship of the present rates.

Hon. Mr. STEVENS: I think we ought to know the interpretation of this. Is that (indicating) 11 pence per pound?

The CHAIRMAN: Yes. On January 5th there was no Canadian; on January 13th the price ranged from 9 $\frac{3}{4}$ pence to 10 pence.

Hon. Mr. STEVENS: That is away out from Mr. Mullins' figures. He said 9 cents.

The CHAIRMAN: No, I think he said 9 pence.

Hon. Mr. STEVENS: This is pence; that would be 22 cents.

The CHAIRMAN: Gentlemen, I am going to take the opportunity afforded to few regular courts of immediately reversing a decision—

Hon. Mr. STEVENS: Would you permit me to suggest, before you do that, Mr. Chairman, that rather than disregard it, why not turn it over to Mr. Symington and the accountant and ask them to have the correct interpretation made of these figures. It may be they erroneously put pence instead of cents.

The CHAIRMAN: I will follow that suggestion, and with the Committee's permission I will cancel the order to file it as an exhibit at this time, and ask Mr. Symington to take charge of it and communicate with Mr. Campbell to find out what this means.

Mr. SYMINGTON, K.C.: What is Mr. Campbell's address?

The CHAIRMAN: Mr. D. A. Campbell, Board of Trade Building, Montreal. I am inclined to think that Mr. Campbell would be a useful witness, and I will ask the Clerk to communicate with him and request that he hold himself in readiness to come down. If we decide when we could usefully hear him, we could ask him to come on a certain day.

The CHAIRMAN: Mr. Gordon, will you kindly communicate with Mr. Campbell and ask him to be here for to-morrow afternoon. Now, that is nicely settled.

The CHAIRMAN: Who is the next witness?

Mr. SYMINGTON, K.C.: Mr. Cornell.

Mr. MONTGOMERY, K.C.: Have you not finished with Mr. Thompson?

Mr. SYMINGTON, K.C.: Mr. Thompson lives here, while this witness is from out of town.

Mr. MONTGOMERY, K.C.: It will only take a few minutes.

FREDERICK CHARLES CORNELL, called and sworn.

The CHAIRMAN: Last night it was moved by Mr. McKay, seconded by Mr. Duff, that Mr. Cornell be summoned before this Committee as a witness to-day.

By the Chairman:

Q. What is your full name?—A. Frederick Charles Cornell.

Q. And your home is in Montreal?—A. Yes, sir.

Q. You were, up until quite recently, an officer in the Dominion Millers' Association?—A. No, the Canadian National Millers' Association.

Q. And what office did you hold in that association?—A. Secretary.

By Mr. Symington, K.C.:

Q. How long were you secretary of the Canadian Millers Association?—A. From 1919 until the spring of this year, 1925.

Q. That is about six years?—A. Yes.

Q. Who are the Canadian National Millers Association. I do not want the individual names, but what do they generally consist of?—A. That is an association of Canadian Millers, representing approximately 80 per cent of the capacity of the milling industry of Canada.

Q. Representing approximately 80 per cent of the milling industry of Canada?—A. Yes.

Q. In your position, as secretary of that Association, you have had a good deal to do with ocean rates on export flour?—A. Yes.

Q. And with what is termed the North Atlantic Conference?—A. I would qualify that to say that most of our activities or intercourse has been with the Montreal Liner Committee.

Q. Now, have you had any questions up with them of discrimination in flour?—A. Yes, sir.

[Mr. F. C. Cornell.]

Q. Will you tell the Committee the history of that matter shortly?—A. With certain qualifications as to exact dates, around 1918, there was pressure brought to bear on the United States Government by the National Federation of Millers in the United States to try to come to some arrangement as to a fair ocean rate on wheat and flour. After some considerable time it was agreed that a differential of five cents a hundred pounds over the average grain or wheat rate was fair. This meant a fairly substantial reduction in the rates on flour. Our information was that the Montreal Liner Committee requested the New York—I do not know whether you could term it conference or committee—to protect the Canadian flour rate which developed, that if the Canadian flour was shipped either from Montreal or New York, the higher rate obtained.

Q. That is the rate over American flour?—A. The rate over American flour, flour milled in bond from Canadian wheat at Buffalo or any other intermediate point.

Q. By reason of that understanding, American flour and Canadian flour milled in the United States, enjoyed a cheaper rate from American ports than Canadian flour from Canadian ports?—A. And Canadian flour from American ports.

Q. And Canadian flour from American ports?—A. Yes.

Q. That is, Canadian flour suffered a handicap of a higher ocean freight rate?—A. Yes. I can say very shortly that in March, 1923, this evidence was all placed before the McMaster Committee and it is there in black and white.

Q. What did the Millers Association do? Did they object to that, the Canadian National Millers?—A. Yes.

Q. What did you do?—A. We saw either the Montreal Liner Committee or the sub-committee of the Montreal Liner Committee on at least two occasions and took the matter up with Ottawa.

Q. Did you get any relief?—A. Not until March, 1924.

Q. Not until March, 1924?—A. Yes.

Q. And how long had you been fighting this matter?—A. Since 1919.

Q. Had the discrimination been serious?—A. As high, in some cases, as eight cents per hundred pounds, or sixteen cents a barrel. I will say that with certain qualifications—I am speaking from memory but I think it was as high as eight cents.

Q. It varies from time to time?—A. It varied from time to time, from three cents to eight cents per hundred pounds.

Mr. RINFRET: Is that the amount of the discrimination?

The CHAIRMAN: Yes.

Mr. DUFF: What date is that?

Mr. SYMINGTON, K.C.: From 1919 to 1924.

By Mr. Symington, K.C.:

Q. What is the exportable surplus of wheat in Canada, roughly speaking?—A. That varies. The domestic consumption is more or less of a stationary quality, and the exportable surplus varies with the size of the crop, but roughly speaking, the average for the last two years has been around 200,000,000 bushels.

Q. How much of that is turned into flour for export?—A. The maximum export business done by the Canadian mills in any one year was 54,000,000 bushels.

By the Chairman:

Q. Does this 200,000,000 bushels include flour?—A. Yes, sir.

[Mr. F. C. Cornell.]

By Mr. Symington, K.C.:

Q. There were 200,000,000 bushels of wheat as exportable surplus, 50,000,000 of which, or 54,000,000, at the maximum, was turned into export in the shape of flour?—A. Yes.

Q. Can you figure at all what difference in money that differential made?—A. No, sir. We were asked, I think it was, by the Imperial Shipping Committee, if we could give an estimate, and the estimate we made at that time was a discrimination over a twelve months period of an average of four cents a hundred and eight cents a barrel on 4,000,000 barrels of flour shipped to the United Kingdom.

Q. In one year?—A. Yes. That is the estimate I made up at that time.

By Hon. Mr. Stevens:

Q. Eight cents a barrel on 4,000,000 barrels?—A. Yes.

By Mr. Symington, K.C.:

Q. That, in a twelve months period?—A. Yes.

Q. What was the effect, or what would be the effect upon the milling industry of such a discrimination?—A. Principally, sir, it would have a tendency to retard the normal healthy growth of the export trade.

Q. As a matter of fact, how does the export of Canadian mills stand with respect to their capacity?—A. Roughly speaking, based on last year's output, about 65 per cent of the output of the mills goes for export, on an average of all mills. The individual mills go as high as 90 per cent.

Q. Have the mills capacity to handle more export business now?—A. Yes, based on the actual business yield in the milling companies to-day, they can handle at least 30 per cent more output with no increase in the capacity.

Q. Under the present capacity they can handle 30 per cent more, without any increase of any kind?—A. Yes.

By the Chairman:

Q. Supplying their home demands just the same?—A. Yes.

By Mr. Symington, K.C.:

Q. That differential was removed in March, 1924?—A. On or about that date.

Q. In what way was that removed?—A. I could not say definitely. It was removed at the time the Imperial Shipping Committee were here. That was the first definite advice we had that the discrimination was removed.

Q. By the Imperial Shipping Committee, in 1924?—A. Yes.

Q. Does that mean that the rate on flour from Canadian ports is the same as the rate on flour from the American ports?—A. With minor variations, yes.

Q. What was your answer?—A. With minor variations, of one cent or two cents.

By Mr. Montgomery, K.C.:

Q. One way or the other?—A. One way or the other.

By Mr. Symington, K.C.:

Q. What is the total capacity of the Canadian milling industry?—A. That is a rather difficult question to answer. Do you mean the commercial milling capacity? There are two classes of mills; there are grist mills as against commercial milling capacity.

Q. The capacity I am referring to is mills producing for domestic consumption and for export for flour.

The CHAIRMAN: That would include both?

Mr. SYMINGTON, K.C.: Domestic and export.

The CHAIRMAN: That would include the small grist mill that produces for local consumption as well as the larger mill that produces for both?

Mr. SYMINGTON, K.C.: Yes.

The WITNESS: We estimate that the domestic consumption is 9,000,000 bushels a year.

By Mr. Symington, K.C.:

Q. What is the capacity for export in barrels?—A. That would leave an exportable capacity of, roughly, 22,000,000 barrels.

Q. An exportable capacity of, roughly, 22,000,000 barrels?—A. Yes.

Q. Do you know what the export was last year?—A. Very close to 12,000,000 barrels.

Q. Very close to 12,000,000 barrels; so it was up to 70 per cent of the capacity last year then?—A. Including your domestic, yes.

Q. Including the domestic?—A. Yes, sir. The total available capacity or potential capacity is around 33,000,000 barrels a year, of which 9,000,000 is domestic and 12,000,000 export.

Q. That is 21,000,000? Actually it is 33,000,000 capacity?—A. Yes.

Q. But the balance that is not used would practically all go as export, if the domestic is stationary?—A. Yes.

By the Chairman:

Q. We are a people who consume wheat flour and not a flour of other grains?—A. Yes. In fact, the consumption of wheat is higher in Canada than in any other country in the world, I think.

By Mr. Symington, K.C.:

Q. From your experience as secretary of this Association, is the flour business operated on a large or small margin, per barrel?—A. On a very small margin of profit per barrel, not a big turn over.

Q. Would a differential of eight cents a barrel, which is the average you took, make much of a difference in the operation of the mill?—A. I would say this, sir, that if a milling company were to average eight cents a barrel, on its total output, particularly an export mill—

By the Chairman:

Q. An average profit, you mean?—A. An average net profit of eight cents per barrel, on its total output, the story would be a good deal different from what it is now.

Q. Would it be a more pleasant story?—A. Considerably so.

Q. Considerably so?—A. Yes.

By Mr. Symington, K.C.:

Q. Now, the millers, I understand, have had a complaint, we have heard about it here, of a differential between wheat and flour?—A. Yes, sir.

Q. Will you tell the Committee about that?—A. Well, it is an old standing controversy, that has been going on for years; the mills claim, and with probably some justice to their claim—it is certainly based on a very competitive situation as far as they are concerned—that in the interests of the Canadian manufacture and Canadian agriculture, flour should be carried, as closely as possible, on the same rate as wheat.

Q. Now, I understand, flour goes in liners, generally speaking?—A. I would say the bulk of the flour business is liner business.

Q. As I understand it, the millers contend or ask that the flour rate upon liners should be as near as possible to the grain rate on liners?—A. Yes, sir.

Q. Is it your contention that, with respect to flour upon liners, it can be carried as cheaply, or anywhere like as cheaply, as grain upon liners?—A. We have never—well, I have endeavoured to find out the cost of handling wheat, as against flour, for personal satisfaction, but as representing the Association, we have never succeeded in finding, as evidence in any case, the cost of handling wheat as compared with flour.

Q. You did endeavour to get it?—A. Yes.

Q. How did you endeavour to get it?—A. Through evidence from the Shipping Federation, compilations that they compile, through stevedoring companies, checking up costs, particularly in the United Kingdom, as to handling flour as against wheat.

Q. Has the Association ever been satisfied on the subject?—A. No, sir.

Q. The fact then is, Mr. Cornell, and the evidence has been that grain has been carried to England and the United Kingdom at a considerable differential below flour?—A. Yes, sir. I think, last week—I cannot say this authentically, but I had a conversation with one of the export managers and I was informed that the heavy grain rate averaged about ten cents a hundred as against twenty cents on flour.

Q. Ten cents per hundred on grain as against 20 cents per hundred on flour?—A. Yes.

By the Chairman:

Q. That is, wheat—A. Yes, sir. That is just desultory conversation.

By Mr. Symington, K.C.:

Q. Are the Canadian mills in competition with British and Continental mills?—A. Canadian millers are in competition with millers throughout the world, sir.

Q. Then they are, I take from your answer, in competition with British and Continental mills, I mean mills existing over there?—A. Yes, they are in competition with British and Continental millers, on their own grain.

Q. On Canadian?—A. Yes, sir.

Q. That is, the British and Continental miller is manufacturing flour out of Canadian grain?—A. And the United States miller milling in bond.

Q. We have dealt with the United States in the matter of discrimination, and I want to get the result to the Committee, if there is any, with respect to the differential as against grain, insofar as it affects the trade?—A. I do not understand the question.

Q. What difference does it make to the Canadian mill, this difference of 10 cents against them in using the grain?—A. It is a considerable handicap, as we must sell in competition with continental millers.

Q. Who manufacture this grain alone, or with other grain?—A. They manufacture altogether with Canadian grain, or with blend.

Mr. MONTGOMERY, K.C.: Mr. Chairman, the witness has spoken of a differential as against grain. It is not a differential at all. We have seen that the grain rate fluctuates tremendously, and due to the fact that there has been very little cargo offering, the grain rate has gone away down.

The CHAIRMAN: We will see the difference in the rates, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: The witness gives quite an incorrect figure when he speaks of it as a differential against flour, when it isn't any such thing. Flour

[Mr. F. C. Cornell.]

has its rate, and it may be that because of fluctuations in the grain rate the flour rate may differ greatly. The Committee understands these things, but much of this information goes out to the public, who do not understand it.

By Mr. Symington, K.C.:

Q. Mr. Cornell, let us see about this difference in rates now.

Mr. MONTGOMERY, K.C.: Just one moment, Mr. Symington. Grain for instance in the month of May has fluctuated between 1/9 and 2/9, just in this one month.

Mr. SYMINGTON, K.C.: We will find out about that.

By Mr. Symington, K.C.:

Q. First tell us, Mr. Cornell, the effect upon the Canadian mills of this difference in rates as between grain and flour?—A. Well, it gives the continental miller a tremendous advantage over the Canadian miller.

Q. Is England an exporting country in flour?—A. Yes.

Q. What has been the course of exports, for instance during the past year, so far as Canadian mills are concerned, up or down?—A. Well, the crop year—that is the year we deal with—is not completed, but I would estimate that there will be a reduction of better than 10 per cent in the export flour trade from the Canadian mills this year.

Q. And that includes the very large order which came from Russia this year—a somewhat unexpected business?—A. Yes.

Q. In spite of that, you say the export business will be down 10 per cent?—A. Yes.

Q. Has the export business from the English mills increased, or decreased?—A. The last information I had, sir, was about four months ago. It showed a substantial increase, comparing the three past years.

Q. A very substantial increase in export from the British mills?—A. Yes.

Q. It has been stated here before, and this morning, Mr. Cornell, that grain rates fluctuate?—A. Yes, sir.

Q. From which I take it the argument is that flour rates therefore cannot be put upon a differential basis over grain; what do you say about that?—A. I would say this, sir, that a miller doing a straight export business competing with the whole world, that every day at the close of the market he must figure his export price, and he can just as easily take into consideration a change in ocean rates.

Q. Is that an indication that so far as the millers are concerned, you prefer an open competitive market in rates?—A. Yes, sir.

Q. That is, you do not want any fixed rate at all?—A. No, sir.

Q. Would it be possible to furnish, for instance, distress cargo from flour?—A. Yes, sir, provided at least two or three days' notice was given.

Q. Two or three days' notice?—A. Yes.

Q. That is, after a steamer has come to her berth, if a rate was fixed or they were open to get cargo which they needed, you could provide it, the export mills?—A. There is in Montreal the capacity to produce better than 1,500 tons of flour per day, and if the interior mills thought there was any advantage in bringing flour forward to the seaboard, to have an opportunity of participating in distress tonnage that might be offering, flour would move. At the present time there is no advantage in moving flour to seaboard, because of any fluctuation in ocean rates.

Q. Then there is no advantage in the mill keeping flour at Montreal?—A. No, sir.

By Mr. Shaw:

Q. I did not quite hear what you said, Mr. Cornell. Did you say it did not pay to ship grain because of the fluctuation in price?—A. What I meant was this, that it would pay, and sometimes does pay, to bring flour forward to seaboard unsold as you quite often have an offer for immediate shipment, and a minor reduction in ocean rates would probably move that flour.

By Sir Eugene Fiset:

Q. The stability of prices is bad for the trade; you do not want a steady rate?—A. No, sir.

By Mr. Black:

Q. Could you not charter outside steamers?—A. It has been done.

Q. It could be continued, could it not?—A. That entirely depends upon what the buyer wants.

Q. You would be independent of the liners altogether, wouldn't you?—A. Yes, but we are up against this problem; previous to the war, in the United Kingdom they bought in fairly large quantities, now they are buying from hand to mouth, as they need it.

By Mr. Symington, K.C.:

Q. Addressing yourself to grain, Mr. Cornell, as I understand it, you say that if rates do fluctuate, that is, if they are open, it will be worth while for the millers to have it at seaboard for the purpose of taking advantage of any low fluctuating rate, if it comes along?—A. Yes, sir.

Q. Whereas with the rate, as you say, fixed, there is you say no advantage in that?—A. There is no advantage at all.

Q. If this situation as it exists to-day continues, with that difference in rates, what is going to be the effect upon the Canadian milling industry?—A. I would say in answer to that question, Mr. Symington, that it will have its effect in holding back the normal growth of the Canadian flour export trade, or the export trade which the Canadian millers feel they are legitimately entitled to.

Q. In connection with milling, is it an exceptional advantage in that industry to operate as near the maximum as possible?—A. Yes.

Q. Is the reduction in costs considerable?—A. I was going to say in that connection that before the Imperial Shipping Committee in London, previous to their coming to Canada, the statement was made by representatives from the National Association of British Millers, which we have proven, that there is no industry whose volume of output reacts so much in the cost of production.

Q. Can a mill shut down and lay off the men, the same as other industries?—A. No, sir.

Q. Why is that?—A. The common labour element in a mill is a relatively small item in the general overhead of the milling company; in other words, the majority of the men in a mill must be experts, trained to the mill they are in, and you have to keep them there.

Q. Whether you are operating to the full or whether you are operating at all?—A. Yes, sir.

Q. I have a note here that another objection to this difference in rates, or removing it is about the claims on flour as opposed to grain; what do you say about that?—A. We have no authentic information as to the total volume of claims for damaged grain as against flour.

Q. Have you endeavoured to get that?—A. Yes, sir.

Q. In what way?—A. Through the milling companies themselves. We found out that that was an insurance company matter, that it was handled entirely

from the other side; I mean by the other side the old country. We have made quite a few inquiries and requests for information, but have been unable to obtain anything that would be intelligent.

Q. Then may I take it, Mr. Cornell, that it is the view of the Canadian national millers that something must be done with respect to the difference in the rates on grain and flour or the industry is going to be seriously affected.—A. I am not speaking on behalf of the Association this morning, sir, but I would say that the opinion of the millers concurs with what you have said.

By Mr. Montgomery, K.C.:

Q. My friend took you over that old story about the discrimination between Canadian and U.S. ports first, did he not; that is now a matter of ancient history, fortunately, is it not?—A. Yes sir.

Q. Whatever the merits or demerits of the controversy were, it is a thing of the past.—A. That one particular instance, yes, sir.

By Mr. Shaw:

Q. It has been adjusted, has it?—A. It has been adjusted now.

By Mr. Montgomery, K.C.:

Q. Just to get our dates accurately,—and you said you spoke subject to correction as to dates—my information is that that five cents fixed as a differential, came into force in November, 1920 on the eve of the Presidential election. Does that recall the date to your mind?—A. It was somewhere around that date. I could not say definitely now, sir.

Q. You will probably recall that it was just on the eve of the Presidential elections in the United States.—A. I cannot connect the one with the other.

Q. Don't you remember that the suggestion was put forward repeatedly, so that it was really a bid for the vote of the Western millers at the time? You must have heard that?—A. Yes sir, I have heard that.

Q. And the Canadian mills said that that differential did not cover the difference in handling; the Canadian shipowners, I mean to say. You remember that was their claim—we won't examine the merits of it—but they made that claim.—A. Yes, I would say that is correct.

Q. And they could see no reason why they should be bound by what they believed to be a political move down there. That was their claim?—A. That was their claim, the disqualification, that we had that statement made after, in 1923.

Q. Now as time went on, and the political exigencies in the United States diminished, the observation of that fixed differential fell rather into disusage, did it not?—A. I would say it was a process of evolution, that it gradually passed out of existence.

Q. And that five cent differential, while it is still law in the sense that the ruling has never been repealed, is not in fact, in practice, observed in the United States to-day and has not been for some time past.—A. That I cannot say.

Q. Well, your latest information upon the thing was to that effect, was it not? We have it in evidence here to that effect.

The CHAIRMAN: The witness will give his own opinion on it.

The WITNESS: I cannot say definitely.

By Mr. Montgomery, K.C.:

Q. You have a pretty good idea, have you not?—A. My statement of a few moments ago, that the five cent differential, strictly speaking, with the old weekly adjustment as they used to do,—adjusting the flour rate periodically

[Mr. F. C. Cornell.]

on a basis with the heavy grain rate—I do not think is in existence at the present time.

Q. Although as a matter of fact the actual ruling, if you can call it that, was never removed from the regulations?—A. Not to my knowledge.

Q. It has simply fallen into disusage and the flour takes its rate and the grain its rate.—A. This five cent differential has been brought up, but I really do not know how far the controversy went in the past year.

Q. So that the question to some extent settled itself?—A. Yes.

Q. In any event, it is settled question so far as the Canadian miller is concerned at the present time, and has been since the beginning of 1924?—A. Yes sir.

Q. Well, we won't go over all the merits or demerits of that controversy. It has been buried. Now on the question of a fixed differential, which I think was the second point my friend took you over, the mill—basing your argument upon the reasons you stated—at one time wished flour to be carried on exactly the same basis as grain, did they not?—A. I think they feel that way yet, sir.

Q. And they really would not be satisfied unless flour was carried at exactly the same rate as grain?—A. I would qualify that by stating that all they want is a fair—we won't say differential, but difference.

Q. A fair difference?—A. Yes, sir.

Q. Inasmuch as you have mentioned the difference of five cents,—I think you mentioned that figure, did you not?—A. Yes.

Q. In fact that was the arbitrary differential that was put into force in the United States that we have spoken of?—A. Yes.

Q. Now would you agree with this statement that was made before the Agricultural Committee, I think by Mr. Watts. You know Mr. Watts?—A. Yes sir.

Q. What is his position?—A. Secretary of the Dominion Millers' Association.

Q. On page 272 he was asked a question, at the bottom of the page, before your Committee, Mr. Chairman; in fact it is your question, Mr. Chairman:—

“I will ask you a question here. Is that difference of five cents enough to provide for the increase in cost of handling flour as opposed to wheat? Is it enough to provide for the increased cost of handling flour as opposed to wheat?—A. I take it, it costs the transportation company more to handle flour than it does to handle wheat.

Q. Is that five cents sufficient to cover that difference?—A. No. If you ask me the question plump and plain, covering the handling and the space it occupies, No; but there is this difficulty, Mr. Chairman, that no commodity is carried on that basis that I know of.”

Q. Would you agree with that, generally speaking?—A. I would say, No.

Q. You would also say No?—A. No, I say I cannot agree with the statement or reply made by Mr. Watts at that time.

Q. Then are we to take it that you have never been able to figure out exactly what the difference in cost was, as you stated to Mr. Symington?—A. No sir that is correct.

Q. That is correct, is it?—A. That is correct, but I qualify that by stating here that we have contended—the steamship interests have always contended, that there is no relationship between the wheat and flour rates. From the miller's point of view we contend that there is very serious competition.

Q. There are two sides?—A. Naturally. And we have placed ours in evidence before the Imperial Shipping Committee, and that we will accept a decision of any independent body as to what should be the difference between wheat and flour rates.

By Mr. Shaw:

Q. What do you think the difference should be?—A. We have been unable to find out or come down to anything. We are millers, and we are not steamship men.

Q. You disagree with Mr. Watts—A. I don't think Mr. Watts' statement has been based on any information that has been computed.

Q. The five cents may be too high or too low?—A. Yes sir.

By Sir Eugene Fiset:

Q. It is a guess?—A. Yes sir.

Mr. MONTGOMERY, K.C.: In the first place we have it in evidence on the question of stowage, that flour stows—or, to put it the other way around—grain stows in 48 cubic feet and flour in 60 cubic feet.

The CHAIRMAN: Is that a ton?

Mr. MONTGOMERY, K.C.: Weight for weight per ton.

The WITNESS: That is a statement by the steamship companies.

By Mr. Montgomery, K.C.:

Q. You are not prepared to controvert that? Either to affirm or contradict?—A. No, sir.

Q. That is a difference of 25 per cent in the space occupied in stowage?—A. Yes sir.

Q. Now you have told us that flour is principally carried on the liners?—A. Yes sir. I will qualify that by saying that full cargoes of flour are on straight charters.

Q. But generally speaking, and apart from the full cargoes on straight charter, flour is carried on the liners rather than on the straight cargo boats? Is not that correct?—A. Well, it has been recognized as a liner business.

Q. As a liner commodity?—A. I think so.

Q. The liner corresponds roughly to express service as compared with freight service.—A. I would say that the element of despatch has a certain bearing in the case.

Sir EUGENE FISET: You mean passenger liners?

Mr. MONTGOMERY, K.C.: Yes, I am glad of that correction, Sir Eugene, as there are cargo liners.

The WITNESS: No. I would not agree to passenger liners.

By Mr. Montgomery, K.C.:

Q. Then they tell me liner service includes cargo liners as well? So you do not get the transportation in quite the same way. They all want liner despatch?—A. Up to the present time, sir.

Q. Now you are aware, are you not, that as regards grain the liner gets no better rate than does the other cargo boat?—A. I don't know.

Q. I think we have that in evidence pretty well.

Mr. SYMINGTON K.C.: Do you mean that the liner gets no better rate than the cargo liner?

Mr. MONTGOMERY, K.C.: No, than the bulk cargo boat.

The WITNESS: I have not made any study of that.

Mr. SYMINGTON, K.C.: Why not call them tramps as opposed to liners?

The WITNESS: I have not made any study of the comparative heavy-grain rates obtained by cargo liners as against tramp boats. I am not prepared to answer that.

By Mr. Montgomery, K.C.:

Q. What you would like would be that the flour rate, with its despatch, should be limited by the rate at which the bulk cargo boat carries grain?—A. Would you repeat that question?

Q. We have it that the grain rate that the liner can get is at least limited by the rate that the bulk cargo boat will carry grain at?—A. You mean that there is competition between the tramp boat and the liner boats for heavy grain?

Q. Yes. The bulk cargo boat. The liner cannot get a greater rate for carrying grain than does the bulk cargo boat or tramp.—A. Well, I would say the element of competition enters into that, but I would not be prepared to agree with that statement.

Q. Then we will leave that to the other evidence on the record, but in any event you would wish the flour rate, which is a liner rate, to be brought down to the basis of the grain rate, whether fixed by the grain bulk cargo rate or not.—A. I think I have answered that question, sir, in this way, that the millers as a whole feel that in the general interest of the milling industry, and other allied interests in the country, in the Dominion of Canada, that flour should be carried on the same rate as grain, but we wish to be perfectly fair in the matter.

Q. The milling interest, a highly respected and much prized interest in this country, are not desirous that the shipping companies should carry flour, at a loss, are they?—A. No sir.

Q. Now I think you have told us that you have no information as to the percentage of claim loss on flour versus grain?—A. We have no information that could be used in an intelligent way as a comparison.

Q. You do know, do you not, that flour is a commodity which is very much more easily damaged than wheat? Subject to heat and that sort of thing?—A. We do not admit that claim.

Q. You do not admit it?—A. Not as millers.

Q. Could flour be stored anywhere with general cargo?—A. No sir. Neither can grain.

Q. We know how grain is stored and we need not go over that. But flour, in the assortment of general cargo, its space has to be very carefully selected in reference to other commodities has it not?—A. Flour has the element of absorbing paint.

Q. And moisture, which is suggested to me?—A. No more than any heavy grain.

Q. As affecting its value. Are you sure of that? My instructions are different.—A. I am not a chemist, but I would say, roughly speaking, that grain will absorb moisture just as quickly as flour will.

Q. Now, Mr. Cornell, are you sure of that, looking at it from the point of view of damage to the commodity?—A. Not from the point of view of damage.

Q. I am told that from that point of view—which is the only one we are interested in—flour cakes very badly if it is exposed to moisture, and that they have heavy claims from that cause.—A. I think you are leading me into territory where I am not competent to give definite answers.

Q. That is all right, if you tell us you do not know.—A. I would say, in comparison to that, that grain, if it absorbs too much moisture, will either go sour or go mouldy.

By the Chairman:

Q. In other words, your view is that the risk in the handling of one is more or less offset by the risk in the handling of the other?—A. Yes sir.

[Mr. F. C. Cornell.]

Mr. MONTGOMERY, K.C.: Mr. Chairman, he has not said that; he said he was not competent to pass upon that question. I think that leads him much further than what he said.

Mr. SYMINGTON, K.C.: He said, "Damage"; the Chairman is talking about risk.

Mr. MONTGOMERY, K.C.: I take it when my learned friend speaks about risk, or the witness speaks about risk, risk and damage are one and the same thing.

The CHAIRMAN: It is risk of damage.

Mr. MONTGOMERY, K.C.: My instructions are strongly that flour carries a very much heavier damage rate than grain, and I do not think the witness ever intended to put them on a parity.

The CHAIRMAN: I think I put it "more or less."

Mr. MONTGOMERY, K.C.: But "more or less" is nearly a parity, and I cannot allow any such suggestion as that to rest.

The CHAIRMAN: If I have improperly interpreted the witness's evidence, Mr. Montgomery, question him again.

Mr. MONTGOMERY, K.C.: Very well, sir, we will try to straighten it out.

By Mr. Montgomery, K.C.:

Q. I am told that the lines have constant claims for caked flour, and you do know, do you not, how easily flour cakes if it is exposed to moisture?—A. Yes. We are getting into a technical phase of it now.

By the Chairman:

Q. Just give us your best opinion.—A. Flour will cake to a certain degree, even if the whole bag is submerged in water.

By Mr. Montgomery, K.C.:

Q. I suppose anything will be damaged if we sink the ship, but I do not think we are talking about submerging a bag in water?—A. What I am trying to convey is this, that flour will cake to a certain extent, and then penetration of water will cease.

Mr. DUFF: That is quite right; I have seen it taken out of ships.

By Mr. Shaw:

Q. Do I understand from you that both these commodities—

By Mr. Montgomery, K.C.:

Q. You get a sort of a cement protection; your flour cakes into a paste on the outside?—A. That would be a description of it. I am speaking now from personal inspection of some flour that was sunk on a boat in the St. Lawrence. The boat went down, and Mr. Charlton of the Board of Marine Underwriters showed me samples of the flour, where it was caked in so far and the centre of the bag was perfectly good.

The CHAIRMAN: When the witness says "caked in so far," he indicates about what, three inches?

The WITNESS: No, not that far.

By Mr. Montgomery, K.C.:

Q. And then you get a sort of paste?—A. No sir, the flour in the centre of the bag was in perfect shape.

[Mr. F. C. Cornell.]

Q. You get a paste which is apparently impenetrable by water?—A. I do not know all the details of how long that bag had been submerged.

Q. We should not bother about that, because that flour, from a shipowner's point of view, would be subject to a claim, would it not?—A. (not audible).

Q. And it would not be accepted by the merchant to whom it had been sold?—A. No.

Q. And the salvage would be very expensive, would it not?—A. Yes sir, depending on the ship.

Q. Even more so than grain, which can be dried, even under these extreme conditions?—A. Flour can be reconditioned.

Q. Do you mean to tell me—I do not want to waste too much time on this—but do you know the difference in reconditioning flour as against the drying of grain?—A. No sir.

By Mr. Duff:

Q. Water would swell the grain, and it would not be any good.—A. It has that effect.

By Mr. Shaw:

Q. I suppose flour is susceptible to taint, is it?—A. Yes sir, if there are apples or cheese near it.

Q. What about grain?—A. I am not as conversant with grain, sir; I do not know just how far grain can be tainted.

By Hon. Mr. Stevens:

Q. Mr. Cornell, in the handling of grain and the handling of flour, which is most susceptible to damage?—A. I would say that flour needs better treatment than grain.

By Mr. Montgomery, K.C.:

Q. I am told that flour cannot be stowed on corn, for example.—A. That I have no knowledge of.

Q. We have in evidence here a letter which was put in and which appears on page 126 of the record, issued by F. H. Price, the export agent, Millers' National Federation. You possibly know who he is?—A. Yes.

Q. In which he addresses Furness Withy and other lines, drawing attention to the fact of flour having been store in the same compartment with apples and corn and so on, and taints having arisen from other commodities likely to give off an odor easily absorbed by an article such as flour. That is so, is it not?

Mr. SYMINGTON, K.C.: "Apples, corn and oil." Do not omit the oil, which was in the same compartment.

Mr. MONTGOMERY, K.C.: I will read the whole letter if you like.

Mr. SYMINGTON, K.C.: The letter did not indicate what the taint was from, apples, corn, or oil.

The CHAIRMAN: We have this evidence before us. After all, whether Mr. Cornell agrees with it or not, does it matter?

Mr. MONTGOMERY, K.C.: The concluding paragraph of the letter is as follows:

"It is necessary for me to intimate at this point that damage arising from taints or contacts of the character described in this circular will make it necessary for us to present claims for such loss and damage for adjustment."

[Mr. F. C. Cornell.]

By Mr. Montgomery, K.C.:

Q. In any event, you are familiar with its liability to taint?—A. As I have already stated, flour is subject to taint.

Q. Now, you were speaking of the capacity of the milling companies. As a matter of fact, does any industry of that kind hope to operate at 100 per cent capacity?—A. They hope to do so, but I do not think they ever get there.

Q. I am not speaking now solely of milling companies; I do not know how far your general industrial knowledge goes, but there are very few industries which expect to operate at 100 per cent capacity throughout the year?—A. No sir.

Q. And I suppose, if you talked to the manager of almost any industry, he would tell you his help was all trained and accustomed to working in that kind of industry? We have always heard that.—A. Yes and no. I would say the milling industry stands out peculiar to itself.

Q. Do you not think the paper men would say the same thing? Do you not think a man running a paper mill, for instance, would say the same thing?—A. No sir.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, in view of the success of certain of the flour companies, without enumerating any of them, there was for a time a little overbuilding in mills, was there not?—A. During the war period, yes, there was excess capacity in the country, and after the war.

Q. And that is still there?—A. But not used.

By the Chairman:

Q. What was that?—A. But not in use.

By Mr. Montgomery, K.C.:

Q. But assume it is available for use, possibly?—A. I doubt it very much. I am speaking of one mill which I have in mind, and I doubt very much if it could be put in use to-day without considerable expense.

Q. We do not want to get into a controversy with our good friends the millers, but the financial returns which I have for the last year would not serve to indicate that we had killed their export business. I have a paragraph here from the Financial Times of October 17, 1924, which bears the heading, "Five Milling Companies earn 14.7 per cent on common stock." That would not serve to indicate that the shipping companies had put them out of business, would it?—A. I do not think they make the claim that the shipping companies are putting them out of business.

Q. It has been suggested that the flour is sold cheaper to the export market than it is to the domestic market?—A. I think we have answered that statement on several occasions, sir. There are two entirely different markets, and to my own personal knowledge I know where the millers have received a much higher return from the export market than from the domestic market, and vice versa.

Q. I am quite willing to agree with you in that; there are two different markets, and assuming, whether it is true or not, that flour had been sold at a lower price to the export market than to the domestic market, would it necessarily mean there was not anything unfair in that?—A. Unfair in what way?

Q. In selling to the export market lower than to the domestic market?—No sir, because at times we must sell to maintain our connections.

[Mr. F. C. Cornell.]

By Mr. Shaw:

Q. Must you sell at a low rate?—A. That is a hard question to answer. I mean, the general executive of a milling company sits down and figures the price, whether he is going to lose more money by selling his output at that price, or shutting down the mill. He has that problem.

Q. It may be hard to answer, but I think it should be explained.—A. I say in all fairness to the Canadian miller that he is not selling his flour for export one cent cheaper—net return to him—than to the Canadian market.

By Hon. Mr. Stevens:

Q. In other words, it costs a lot more to distribute say twenty carloads in twenty different places than to ship twenty carloads in one lot to the export market?—A. Yes, sir, there is a difference, a great difference, in packing, a difference in freight and everything else.

Q. And the keeping of accounts and so on?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In fact, it might even be to the advantage of the domestic consumer if the miller should be selling abroad and keeping the general cost down?—A. I would say that under present milling conditions, with the money invested in the Canadian milling industry to-day, the Canadian export flour business is absolutely essential to keep the price of flour on the domestic market at a minimum.

Q. Even though at times the export price had to be made lower than the domestic price?—A. In certain markets. I know of cases where flour has been sold on the domestic market to maintain connections, and with the competition between millers it is impossible to hold the price up in the Canadian market, or you would have them all domestic millers.

Q. I am told the millers enjoy at least one piece of great fortune, in that the flour rate is the same as it was in 1913, or a trifle lower if anything?

Q. My information is that it was 19 cents in 1913, and it is 18 cents to-day.—A. I would imagine that would be correct.

The CHAIRMAN: 19 cents in 1913 and 18 cents to-day?

Mr. MONTGOMERY, K.C.: Yes.

By Mr. Montgomery, K.C.:

Q. And have you any idea of the respective prices of the product in 1913 as compared with to-day's?—A. Well, flour prices are entirely governed by the wheat market. We have had prices here within the last two years that were lower.

Q. I quite understand you can give us a general answer, but it will assist us in comparisons if you can give it more specifically. In 1913, for instance, what was the common average price of flour?—A. I cannot say, sir. I know the prices of wheat better.

Mr. SHAW: I have it here. Canadian flour per barrel for the month of April, 1913. \$5.10; Winnipeg, \$5.90, for the same month; Montreal, \$5.20; London, England, \$5.04.

Mr. MONTGOMERY, K.C.: Have you it for 1925, 1924 or 1923?

Mr. SHAW: No, just 1914.

The CHAIRMAN: From where do you take these figures?

Mr. SHAW: The *Canadian Liberal Monthly*.

By Mr. Montgomery, K.C.:

Q. Now, we will come down to more modern times, and you can probably give us the information off-hand. What was the average market price in 1924—or the range of prices?—A. I am aware of 18 different grades of flour.

[Mr. F. C. Cornell.]

Q. But you can give us the range on flour?

By the Chairman:

Q. What would you say would be the price at which the bakers—take a half-dozen of the largest bakers in Montreal—would buy flour in Montreal to-day?—A. I have not the slightest conception.

By Mr. Montgomery, K.C.:

Q. Oh, Mr. Cornell, you have been in intimate touch with this thing; you were the secretary of this association, and you can surely give us an idea.—A. I cannot, sir. I have no idea at what the bakers buy their flour. That is public information, if you want the list price of flour, but I have no knowledge.

The CHAIRMAN: Perhaps I framed my question unfortunately.

By the Chairman:

Q. What is the list price of flour?

MR. MONTGOMERY, K.C.: My information is that English price of flour is about \$10 per barrel.

The WITNESS: I have no knowledge of the English market for the last three months.

By Hon. Mr. Stevens:

Q. Give it to us for three months ago?—A. \$10 what? A barrel?

By Mr. Montgomery, K.C.:

Q. I am told that?—A. The barrel is not known in the Old Country. It is 280 pounds.

Q. But on the same basis that there are so many bags to the barrel, you can get a fixed ratio?—A. It is a fixed ratio of 280 against 196.

By the Chairman:

Q. Is the price higher than it was a year ago?—A. It is higher.

Q. About how much; twice as high, or half as high? We want a rough figure, but approximately correct.—A. I would say half as high again, or probably more.

HON. MR. STEVENS: Here are the figures: "Local flour market; the volume of business for export showed no improvement; first patents quoted at \$10; seconds at \$9.50." This is from the Montreal Gazette, Monday, May 18th, 1925.

HON. MR. SINCLAIR: What market?

HON. MR. STEVENS: The Montreal market.

By Mr. Montgomery, K.C.:

Q. Mr. Cornell, there is just one suggestion I would like to discuss with you, and that is the possibility of putting flour on a distress-rate basis, the same as grain. Do you really consider that either a practical or an advisable proposition?—A. Yes, sir.

Q. In the ordinary course of things would that not mean that the seaboard miller would have a tremendous advantage over the inland miller?—A. No, sir.

Q. It is one thing or the other; it would mean that the inland miller in order to compete at all would have to erect warehouses, and keep his stuff in Montreal, waiting for distress rates?—A. If he could get advantage of distress rates, he would do so.

Q. And your suggestion is he should have an open rate, and wait for the opportunities for distress tonnage, and erect warehouses in Montreal, St. John, Halifax, and other points, to keep that cargo available, at a day's notice, for a distress boat?—A. There are warehouses there now.

Q. Well, assuming there are warehouses there now, you think he should keep his stuff in warehouses in Montreal, Halifax or St. John, waiting for distress tonnage?—A. No, sir. There is a certain percentage of standard brands of flour which are moving all the time, and, as exporting millers, and with the advantage of being able to take up some of this distress tonnage on short notice, we believe—and I am speaking individually now from my experience with the millers—we believe we would move considerably more flour. As a matter of fact, 3d a sack is enough to either hold that flour or to move it.

Q. You are talking now about spot flour?—A. Spot shipments.

Q. As far as possible, the flour is sold, more or less, on a contract basis, is it not? They try to avoid spot business, as far as possible, do they not?—A. You can sometimes get a premium for spot shipments.

Q. Every well regulated mill, whether flour or any other kind, does not like to depend on a spot market?—A. No, they book ahead, as far as they can.

Q. If they want to book ahead, as far as possible, is it not necessary for them to know what the freight rate is going to be?—A. Yes.

Q. That freight rate, they would have to know, would have to be distress tonnage or a spot freight rate?—A. There is nothing to stop spot shipments going at distress freight rates.

Q. If the miller found a distress rate, which he found was cheaper than he figured in his contract, he would get that much more profit?—A. No, sir.

Q. Assuming your miller sold on the delivered price to the other side but before quoting his price he had an export rate, which he has figured in to his price, your suggestion is that he would bring that flour down and keep it in the warehouse in the seaboard and wait for distress tonnage, if he could get it?—A. That is not my suggestion. With the small margin of profit, on which the mills actually sell flour, they must have a firm rate to work on.

Q. It is necessary that the miller should know what his freight rate is going to be, in order to successfully carry on his business?—A. Well, no more than the grain men. I mean, I can come in to you and book freight for the second half of July, to-day, and sell my flour on that rate.

Q. The great bulk of the export flour business is done on contracts, which are fixed well in advance?—A. Not necessarily. That depends on the seasons. This year it has been a prompt shipment year. There is a certain amount going forward on contract.

Q. You spoke of flour having fallen off; that does not have to necessarily depend on the crop?—A. Yes and no.

Q. In this case has it not gone in relation to crop?—A. No, sir. I think you will find that the history of Canadian flour exports is a direct contradiction.

Q. Take the last year—take the very year you have been speaking of, where you say the flour export business has fallen off about ten per cent; can you compare that at all with the crop?—A. The flour business is a regular business. Your brands are established and you are dealing direct with the consumer.

Q. There was a considerably smaller crop, as a matter of fact?—A. Yes.

Mr. SYMINGTON, K.C.: But still a larger exportable surplus.

Mr. MONTGOMERY, K.C.: But still a larger exportable surplus?

Mr. SYMINGTON, K.C.: Than flour exports.

Mr. FLINTOFT: A larger exportable surplus of wheat than flour.

The CHAIRMAN: You mean, Mr. Symington, that the diminution in the export would be reflected in the diminution of the exports of grain, not in the manufactured flour?

Mr. SYMINGTON, K.C.: Certainly.

Hon. Mr. STEVENS: Is that evidence? Is that a fact or just an opinion?

The CHAIRMAN: That is an opinion I hazarded taking it from what the witness said.

By Mr. Symington, K.C.:

Q. You have no particular quarrel with the established steamship companies?

—A. No, sir.

Q. They have given you good service in the past?—A. Yes.

By Mr. Symington, K.C.:

Q. Mr. Cornell, to clean up some of my learned friend's questions, what I understand the millers want, first is an open rate?—A. Yes.

Q. But apart from what are known as contract shipments they could go to-day to any line and say "quote me for delivery next June or next July"?

—A. Yes.

Q. And they would prefer to do it on the competitive basis rather than giving one fixed rate?—A. Yes.

Q. The second point is that, in addition to that the millers should be entitled to a distress rate for spot shipments when distress cargo is desired, and that all the distress cargo should not be given to grain?—A. Yes.

Q. Those, basically, are the two claims of the millers?—A. Yes.

Q. An open rate for contract and a spot rate for grain for distress cargo?—A. Yes.

Q. My learned friend held up a somewhat misleading statement with respect to the earnings of flour mills. If you will look at the figures there you will find—I do not want to mention names—that the first two earn very large sums of money, and the other two small sums of money, one of them very small?—A. Yes.

Q. From your knowledge, were those earnings in the first two made out of the manufacture and sale of flour?—A. I will say frankly, for the first two, no. There are a great many other earnings and subsidiaries or ramifications of the company that are earning money.

Q. One of those companies has lately divided its earnings into three for one?—A. Yes.

Mr. SYMINGTON, K.C.: There is 14.7 percent profit on the common stock of the company.

By Mr. Symington, K.C.:

Q. With respect to the price of flour, Mr. Cornell, the price of flour varies directly or almost directly, with the price of wheat?—A. Yes.

Q. If flour was higher in 1924, or 1925, than in 1913, or 1914, it depended on the price of wheat?—A. It depended on the price of wheat, modified by competitive conditions.

Q. With respect to the comparisons of flour, for instance, the figures put in from the Gazette's first and second patent, these are the flours that were exported and not the big volume of export business. The big volume of the business is what is known as export patents?—A. Yes.

Q. What do we export?—A. What is commonly known as Manitoba, spring wheat, export patent.

By the Chairman:

Q. How does it run in price, as compared to the flours selling for \$10.30 and \$9.30 a barrel? Is there a second patent?—A. It is on a straight patent basis.

Q. How does it run in to-day's market? It is a lower quality of flour, is it?—A. Yes.

Q. How does it compare in price?

Mr. MONTGOMERY, K.C.: It may save some time to say simply that freight is a lower percentage to the selling price in England. It was a committee question. Everbody knows it costs more for flour than it did in 1913, but my point is that freight bears a lower percentage to the selling price in 1913.

By the Chairman:

Q. Will you tell me, if you can?—A. I am afraid I cannot. The export patent is exported by the different mills; it is a different kind of flour; it is a different price.

By Mr. Kennedy (Glengarry):

Q. I would like to ask about the by-products of the Canadian mills.—A. During certain periods there is quite a volume of feed moving. I think, for the first time, in quite a number of years, there was a considerable quantity of feed shipped to the United Kingdom.

Q. At what ocean rates?—A. I am not speaking with absolute accuracy, but I think 40 cents a hundred pounds.

Q. For bran and shorts there was no difference?—A. I really do not know whether it was bran and shorts or middlings that moved. I cannot vouch for the information being accurate.

Q. But there isn't any considerable quantity being exported?—A. No, sir, not to my knowledge.

Q. Is any large quantity exported to the United States?—A. Yes, sir.

The CHAIRMAN: Well, gentlemen, are there any more questions to be asked of Mr. Cornell?

Mr. SHAW: I would like to ask one question, if I may, Mr. Chairman.

The CHAIRMAN: All right, Mr. Shaw.

By Mr. Shaw:

Q. What is the character of the flour exported, as compared with the flour consumed in Canada?—A. That depends upon the markets. The big volume of Canadian flour export is an Export Patent.

Q. Is that an inferior grade?—A. Yes, sir, and there are no two mills in Canada manufacturing it in the same way.

Q. What I understand from you then is that the British market is satisfied with a lower grade of flour than Canada?—A. They do not use entirely Canadian flour in the bake shops; they need a percentage of it for blending purposes.

By the Chairman:

Q. When you say "inferior" it does not mean less nutritious, does it?—A. No, sir, but from a baking point of view.

By Mr. Symington, K.C.:

Q. As I understand it, Mr. Cornell, certain flours are required to give weight and textures, depending upon the country; for instance, Ireland is different from Scotland?—A. Yes.

Q. And different from England?—A. Yes, sir.

[Mr. F. C. Cornell.]

Q. If you were shipping to the Continent, or to Greece for example, it would be a much lower grade, a darker flour, and the West Indies take dark flour, or a lower class of flour?—A. Yes.

Q. In the manufacture of flour, the Patent comes off first, then your Domestic, and so on down the line, and the operation of the mill—you may correct me if I am wrong—is that you have to have the trade in all varieties in order to get the maximum out of your wheat?—A. Yes.

Q. In tailing off the different grades?—A. Yes.

The CHAIRMAN: If that is all, I am going to thank Mr. Cornell very sincerely for the valuable information he has given to us, and discharge him.

The witness retired.

THOMAS HUGH THOMPSON, Re-called.

By the Chairman:

Q. Are you a Scot, Mr. Thompson?—A. No, sir.

Q. North of England?—A. North of England.

By Mr. Symington, K.C.:

Q. Mr. Thompson, the auditor submitted to you certain questions. Have you answered them in writing?—A. I have made notes.

Q. You have not got any written answers?—A. No.

Q. Well, the first question asked you was if you would produce a statement showing the gross income per voyage from freight or other receipts separately?—A. I have already done that in the figures which were given to Mr. Gordon Scott.

Q. Do I understand that in the figures you have given Mr. Scott the statement shows the earnings, with no deduction whatsoever?—A. The statement shows all the earnings and all the deductions.

Q. Let us take the earnings for the moment, and you will get my point, or the auditor's point. Take the earnings in your statement, are they shown without any deductions whatsoever, that is, for commission, brokerage, or anything at all?—A. No commission, no brokerage, the freight is shown in the statement which I gave Mr. Scott; there were shown ocean freights port to port; in some cases where we book cargo on a through bill of lading we got the rate from Newcastle say to Winnipeg. From the total freight collected we would deduct the rail freight, the forwarding freight. That forwarding freight is not shown in the figures Mr. Scott has sent me.

Q. The ocean part is different?—A. That is different.

Q. You have given him the actual ocean earnings, without any deductions from these earnings whatsoever?—A. That is right.

Q. Then you were asked if you could also show the expenses separated, setting forth the total of the disbursements before apportioning any expenses?—A. I think the expenses are classified under about 15 heads, 12 or 15 different heads, in the statement Mr. Scott had.

Q. He gave it back to you?—A. He kept a copy, though.

Q. This is your book?—A. That is our book. (Book produced by witness).

Q. All we want to know, Mr. Thompson, from the statement and the headings you give, are there any expenses under those headings that are apportioned expenses rather than actual disbursements for the actual service?—A. There might be three.

Q. What are they, where would they be, under what headings?—A. There would be a portion to Management Salary, there would be a portion of the advertising for the year, and an estimate of about forty pounds a voyage for anticipated supplementary charges coming in after the voyages were closed.

[Mr. Thomas H. Thompson.]

Q. In your books?—A. At the end of each year.

Q. Just at that point, what heading would they be under here?—A. Sundries and Management.

Q. Sundries and Management are included in those three items you have given us?—A. Yes. I ought to explain that at the end of each financial year an adjustment is made between the estimated amounts charged to the voyage and the actual payment in the year, and in the financial accounts for that year that adjustment is given effect to.

Q. But is it given effect to, so that we may understand it; is it given effect to in your Profit and Loss account and not to your voyage account?—A. Yes, in the Profit and Loss account.

Q. So that in making up your voyage accounts, in those particular items, you charge a certain apportioned amount to each voyage, and the actual expenditure, being less than the apportioned amount, you put it in your profit and loss account and do not credit it to the voyage.—A. It appears in the statement Mr. Scott has got in one form or another. It appears in our balance sheet.

Q. It appears in your balance sheet but in order to make your voyage account tally with your balance sheet, you have to reverse in your balance sheet an entry made in your voyage sheet, which in fact was not consumed as a charge.—A. That is right. That does not apply to management salary, because that is a fixed thing every year and we can apportion that exactly to the voyage.

Q. The management salary is apportioned to the voyage?—A. Yes.

By Sir Eugene Fiset:

Q. Are those sundry expenses the same for every ship?—A. Oh no; they vary. The cables for instance for a voyage. The wireless expenditures.

By Mr. Symington, K.C.:

Q. Did you say that you could give the auditor the amount of these estimated expenses? Management, overhead?—A. Yes, I think so.

Q. Will you kindly give them to him then?—A. Yes, I will let him have them.

Q. You will make a note of it then, will you please, with respect to all the items in question 1.—A. Yes.

Q. Then the next question was: could you submit a statement showing the tonnage carried per ship, per voyage, both in tons and cubic measure?—A. Yes. There is part of this question asks for expenses; question 1; of expenses actually controllable by the master of the ship.

Q. I understand that the language of that has been criticized by Mr. Middleton, and may be criticized by you. I do not care. What I want to get is just what I have asked for. We want a statement of the actual disbursements of the ship without apportioned expenses; and we want a statement of the apportioned expenses. That is clear, is it?—A. Yes.

Q. And you say you can give him that?—A. Yes.

Q. Going to question 2, then—Submit a statement showing the tonnage carried per ship, per voyage, tons and cubic measurement.—A. I cannot tell you the cubic measurement. I can give the weight on any of the voyages in question; the weight of the cargo. For 1924, any individual voyage.

Q. You will let Mr. Scott have the tons, will you please, if you cannot give him the measurement?

Mr. MONTGOMERY, K.C.: You do not want a permanent record made of those? The tonnage is what they get in the different ports, and the commodity, and shows how they fill their ships.

Mr. SYMINGTON, K.C.: What Mr. Scott informed me was a comparison of how they fill their lines. In any event, you will furnish it?—A. I have got

[Mr. Thomas H. Thompson.]

the tons, and I will furnish them for any individual voyage he likes, but I would much prefer not to leave these confidential records of my company in any other hands; the total cargo carried.

Mr. SYMINGTON, K.C.: You are only leaving them with the auditor at the moment.

Mr. MONTGOMERY, K.C.: If Mr. Scott wants anything for statistical purposes he can look at them.

The WITNESS: Anything he wants to know about these individual voyages, I will tell him; and any member of the Committee who wishes to see any of these, I am at their disposal.

Mr. SYMINGTON, K.C.: This is wasting time. You will furnish Mr. Scott, take them with you if you like to Mr. Scott, with these records, so that he can look them over and get information. That is understood is it?

Mr. MONTGOMERY, K.C.: What the witness was saying to me this morning was that he did not want to leave the records of all their tonnage, as applying to each place, what they get in each port, because that is their stock-in-trade, out of which they make their money; showing how they get it and how they load. But he will give Mr. Scott the statistical information he wants. If you want a typical voyage for any purpose he can look it over and select one.

The CHAIRMAN: Will that be satisfactory to the auditor?

Mr. SYMINGTON, K.C.: What the auditor tells me about that is, that unless he can get this information from each of the lines, for the purpose of comparison, that it won't really be very much use.

The CHAIRMAN: Mr. Montgomery, that was the object in having Mr. Scott,—whom we all have confidence in—appointed. It seems to me that if Mr. Scott gives the assurance that the papers will be handed back without being disclosed to anyone else, that should be satisfactory.

Mr. MONTGOMERY, K.C.: They can no doubt work that out together.

The CHAIRMAN: We do not want to have any possible misunderstanding about it; I hope it can be done by agreement. I would like the witness to undertake now to give these figures to Mr. Scott, so that Mr. Scott may make the comparison; it being thoroughly understood that Mr. Scott shows this to no one else and hands back the papers to Mr. Thompson when he is through with them. I presume that Mr. Thompson could be with Mr. Scott while part of this work was being done?

Mr. SYMINGTON, K.C.: Oh yes.

The WITNESS: I will be very glad to, and to explain anything to him that I can.

Mr. SYMINGTON, K.C.: Then that will be done right away, we understand?

The CHAIRMAN: Yes.

By Mr. Symington, K.C.:

Q. Then your third question: submit a statement showing the written down value of the steamers as shown by the books of the Cairn Line Steamships, Ltd., for the years 1923-24.—A. We do not have any separate written down value for each individual ship. We have a depreciation account which is held as a reserve against the whole fleet.

Q. Do your whole fleet run in the Canadian trade?—A. I had better explain. We have eight steamers. For four years past including 1924, out of 200 voyages, only five were outside of the Canadian trade. Five voyages out of very nearly 200. It might be as well if you understood that, because we are absolutely in the Canadian trade up to our necks, with this particular line.

[Mr. Thomas H. Thompson.]

Q. I thought you had been altogether. But there were five voyages outside of Canada?—A. Yes.

Q. Then you say that you carry your steamers at their original cost?—A. Their original cost, less the depreciation which has been written off.

Q. That is just the point. Do you carry them at the original cost and carry a depreciation fund, or do you carry them at a depreciated amount?—A. We carry them at the aggregate written down value, if you understand me? It is quite clear in the balance sheet of the company. Our balance sheet says: the cost of steamers, stevedoring gear, wharf property, etc., less depreciation—is a certain amount.

Q. May I see that a minute then?—A. The first item on the right hand side.

By Mr. Montgomery, K.C.:

Q. While my friend is looking at that. You have just told us you are in the Canadian trade. How long has your firm been in the Canadian trade?—

A. The Cairn Line, or what we call now the Cairn-Thompson Line in trade circles, is the successor of the Thomson Line of Dundee, dating back to the first half of the nineteenth century.

Q. So that you have been serving the Canadian trade for over 70 years?—

A. Yes, sir. At one time the vessels of the fleet, were known as the Thomson Clippers of the Fifties.

Q. I understand yours and the Donaldson Line are the only lines, practically, in existence in this trade, of the old original lines?—A. I am not sure of that myself, but that might be so.

By Mr. Symington, K.C.:

Q. Mr. Thompson, the auditor tells me I cannot discuss this without perhaps disclosing a breach of figures which he has got from the information supplied him. Would you kindly see him and explain to him about that depreciation, make it clear to him what the depreciation on these ships is.—A. I do not mind disclosing this, for one thing,—my company does not feel they have anything to apologise for, and there is this fact, that we have put £1,500,000 sterling into the cost of the ships we are employing in the Canadian trade.

Q. That, then, balances with your sheet, your depreciation reserve of £300,000?—A. Yes, sir, and this year we are spending roughly about £100,000, at the present moment, in putting extensive refrigeration into the steamers, in order to endeavour to develop the trade, so that next year this figure will be higher.

Q. That is, your capital cost will be higher?—A. Yes.

Q. That depreciation fund, I presume, is carried in investment, is it?

The CHAIRMAN: What was that last question?

By Mr. Symington, K.C.:

Q. The depreciation fund you carry in your balance-sheet is carried in investment?—A. It is really on the other side of the balance sheet.

Q. Yes, I know that.—A. I cannot say any investment specifically applies to any item on the liability side of the balance sheet.

Q. What I am getting at, Mr. Thompson, is whether the earnings from that £300,000 depreciation fund are credited to the earnings of the steamers?—A. Well, perhaps I ought to explain that the steamers have not provided that depreciation fund, not all that depreciation fund, in the last four years.

Q. I accept your statement, of course. How long has the Cairn line been in existence?—A. The Cairn line was incorporated in 1892, I think.

Q. And does the balance sheet represent the results of the Canadian trade?—A. No. Before the war they had 20 odd steamers, 20 or 25 steamers, 11 of which were trading all over the world, tramping.

[Mr. Thomas H. Thompson.]

Q. Eleven tramping?—A. Yes. During the war some of those were either sold or lost, the whole of them in fact, and the whole of the proceeds excepting our present investments, were put into the Canadian trade. That depreciation account goes back to older days.

Q. Then you will explain your depreciation additions in recent years to the auditor?

By Sir Eugène Fiset:

Q. Is that depreciation fund the same thing as the reserve fund mentioned by Mr. Middleton?—A. We have three reserve funds; we have this depreciation account, in the first place, which is applied specifically to the capital of the steamers themselves. Then we have a contingency account for any purpose which may arise, and then we have a reserve account which, on our published balance sheet, is a clear £100,000.

The CHAIRMAN: Gentlemen, it is now one o'clock; the witness cannot be finished with immediately, so I propose that we adjourn now until 3.30 this afternoon.

The witness retired.

The committee adjourned.

COMMITTEE ROOM, 276,

HOUSE OF COMMONS,

WEDNESDAY, May 20, 1925.

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please come to order.

THOMAS HUGH THOMPSON recalled.

By Mr. Symington, K.C.:

Q. We had dealt, I think, Mr. Thompson, with the third question?—A. Yes.

Q. Now, the fourth question: "How are profits on exchange handled"—or "Losses," if you like?—A. They are all dealt with in the voyage accounts or the terminal charges, in the same way as losses are exchanged.

Q. Are they reflected in the voyage account or the profit and loss account?—A. Either in the voyage accounts or the terminal charges account.

Q. Well, which?—A. Both.

Q. What I want to get at is whether or not your voyage account covers that item?—A. Oh, yes; the profit and loss account which you have, covers it.

Q. How can it be in both?—A. Because differences in exchange arise on different items of expenditure, and we pass into the voyage account the transactions of the voyage at the rate at which the remittance of the voyage is received. Some times, in calculation, there may be slight differences in balancing. It is purely a book-keeping matter, and the whole thing itself is either in the voyage account, if it is a voyage item, or the terminal charges account, if it is a matter such as shed rental, and that sort of thing.

Q. Then, the fifth question: "Statement is required showing the present replacement value of all boats shown in connection with the Cairns Line or Steamships Limited"?—A. I can give that.

Q. Will you give that to Mr. Scott?—A. Yes.

[Mr. Thomas H. Thompson.]

Q. Then the next question: "While we have had submitted to us a printed balance sheet, we will require details supporting the various items shown thereon for the years 1922, 1923 and 1924"?—A. Well, sir, each year's balance sheet involves several hundred separate accounts, and a schedule grouping these accounts is all available, audited by Price, Waterhouse & Company, Newcastle, on behalf of the shareholders of the Company. I will read you their certificate on the balance sheet, if you wish.

Q. That is all right: we know it is there.—A. As I say—

Q. I take it your answer is you have not got the material here?—A. Never dreamt of bringing it.

Hon. Mr. STEVENS: Before we leave that, Mr. Chairman, I want to bring up a matter which I have referred to a half-a-dozen times, and the reason I have referred to it is that we do not later on want these answers of Mr. Thompson to be advanced as the reason for not having information. My contention is that—and I have some qualifications to speak on these questions of balance sheets and accounts—it is useless for us to ask for the details which lie behind these various items and statements. Our position should be to establish whether or not these statements are true, and statements which should be accepted. If we get that point settled, we will get away from 90 per cent of this arguing about these statements, which is constantly recurring. I have stated this before, and I really think we ought to come to some decision. Are we going to accept a properly audited statement of Price, Waterhouse & Company as a truthful presentation of the case, or are we not? If we reject that, there is nothing else for us to do but to make an audit ourselves, which I consider to be a hopeless and useless expenditure of time and money. I think we, as a Committee, ought to determine whether or not we are going to accept a certified statement of responsible people.

The CHAIRMAN: Mr. Stevens, it strikes me that this examination is useful in order to establish just how far apart, if apart at all, the auditors for the steamship companies, and the auditor for the Committee are. Some figures, I assume, will be accepted; the arrangement of other figures may be open to question.

Hon. Mr. STEVENS: I may be wholly wrong, but I venture the prediction that later on we will be faced with this statement in argument; "Oh, well, you cannot accept these figures because we did not have them verified; such-and-such a witness stated, in supporting an account or statement, that the figures are in England, and we cannot verify them". I submit that we ought to accept a statement, if properly audited, and certified by a proper accountant or a responsible firm of accountants.

Mr. SYMINGTON, K.C.: That really gets down pretty much to the question of whether you will accept the whole thing, and if so, you do not need an audit. For instance, the auditor explains to me that Price Waterhouse & Company or any other auditor auditing the accounts of, say, the Cairns Line, seeing a contract passed by Cairns-Noble Limited—I cite this only as an example; it may not exist—which gives Cairns-Noble certain remuneration, would enter that, and O.K. it, and certify it, because it was passed by the Company. It might, in fact, be a distribution of profit. That is the sort of information that the auditor, as I understand it, is trying to get, and this question, as I understand it, is specifically for the purpose of tracing throughout the progress of the Reserve Fund, the depreciation, and so on, etc., plus the unapportioned charges. I know nothing more about it. I am only giving you the view, and an instance, to show why this question was asked.

The WITNESS: The question asks for details supporting the various items in the balance sheet. The balance sheet is the upper portion of this (indicating)

[Mr. Thomas H. Thompson.]

and has several heading, i.e., "Debtors," "Average Accounts," "Voyage Accounts Outstanding," "Unexpired Insurance," "Creditors," etc. There are lists of hundreds of names.

Mr. SYMINGTON, K.C.: I remember a case—I do not know whether it is in the case of this line or not—where a liability was shown, "Sundry Debtors," "Accounts Payable", "Open Credits" etc., a most astounding sum of money, over some millions of dollars, and they had a large sum of money in the bank. The auditor does not know what "Sundry Debtors", "Open Accounts", etc., may or may not be. It may be a reserve fund, as far as he knows. I do not say it is in this line, because I do not remember, but in one line they had a most tremendous amount owing, and a very large sum of money in the bank.

The CHAIRMAN: I may be wrong, Mr. Stevens, and I do not pretend to have the accountancy knowledge possessed by some members of this Committee, but I would like Mr. Symington to proceed as he is proceeding, in order to see if there is really any difference of view between our auditor and the auditors of the companies.

By Mr. Symington, K.C.:

Q. Then let us come to Question No. 7, Mr. Thompson: "Furnish continuity of reserves and fund starting with a balance as it would appear at the beginning of the period of each fiscal year, and showing the changes during the fiscal year since 1922."—A. We have only two reserve accounts which are varied between December 1922 and December, 1924. The first one is the Depreciation Account, which has been increased by an appropriation of £50,000 from Contingency Account—not out of profits, but from Contingency Account—to meet the losses of the year 1923. This did not come out of the profits of that year. Then, under "Contingency Account", at the end of 1922, this Reserve Fund was £262,858/13/11. In two years that has been reduced to £146,383/12/9. We have reduced our reserve by almost the losses in this year, one way or another. It has been reduced by £116,475/11/2.

Q. That is, since 1922?—A. If you want any further details of that, I can give them to you or give them to Mr. Scott.

Q. I do not want them; give them to Mr. Scott?—A. All right.

Q. May I see the balance sheet you have, again?—A. 1923 or 1924?

Q. Either one?—A. (Witness hands paper to Counsel).

Q. This is rather a complicated question, and I do not want to bother with it, so will you answer the questions which Mr. Scott wants to ask with respect to these assets and your reserve fund and investments?—A. Oh, certainly.

Q. Now, with regard to "Management Commission": "What amounts or percentages of this goes to Cairns-Noble?"—A. All of it.

Mr. MONTGOMERY, K.C.: Anyway, is that a fair question? There are about 3,000 shareholders in this thing, and if the management commission—

Mr. SYMINGTON, K.C.: I think this is public, so there is no necessity of secrecy, but I looked it up in "Fair Play" and I find "Cairns Line steamships: Directors; Sir W. J. Noble, Bart., Major T. Russell Cairns; Chairman, Colonel Sir Sydney Wishart; Thomas B. Carlton; Colonel William I. Gear. Managers: Cairns-Noble & Company, Akenside House, Newcastle-on-Tyne." The shareholders are Noble, Cairns, Gear and Reford according to "Fair Play", is that correct?

The WITNESS: That is totally wrong.

Mr. MONTGOMERY, K.C.: I will raise the figures; I am now told the shareholders number probably 4,000?

The WITNESS: You said the shareholders were "so-and-so"; this says, "The principal shareholders."

[Mr. Thomas H. Thompson.]

Mr. SYMINGTON, K.C.: Oh, I beg your pardon. I did not see that.

By Mr. Symington, K.C.:

Q. There are a large number of them outside of those given in "Fair Play"?—A. About 3,000, according to my latest information.

Q. The capital of the company being one million two hundred thousand—
—A. You will see from that what a small percentage of the total capital the managing firm hold; it is quite a trivial percentage as these things go.

Mr. SYMINGTON, K.C.: I do not know that I want to read the figures—

The CHAIRMAN: Is that really of importance to the Committee?

Mr. SYMINGTON, K.C.: No, I do not think so.

The WITNESS: Apart from that you have mentioned names who are not managers; there are only two, Sir William Noble, and Major Cairns.

By Mr. Symington, K.C.:

Q. Well then, the question was with regard to management commission: "What amounts or percentages of this goes to Cairns-Noble?" and you mean everything shown under "Management" goes to Cairns-Noble?—A. All of it; in return for which they provide the offices of the Company; pay the clerical staff; provide the furniture, rent and rates; and render personal services as managers.

Q. Of the line?—A. Yes.

Q. Then, what contracts have Cairns Noble with the lines of steamships?
—A. They have certain management agreements.

Q. Have you got them here?—A. No.

Q. More than one agreement?—A. Yes. There are more than one. I do not remember exactly how many, but they cover different matters.

Q. Now, there are different agreements, different forms of management, or different service or what?—A. No, sir. They varied, from the incorporation of the company, in 1922; different circumstances have arisen, requiring alterations in management agreements and a new agreement has been made from time to time.

Mr. MONTGOMERY, K.C.: Are we really interested in that?—I presume the management agreements are satisfactory to the large body of shareholders of this company, and I do not think it has been suggested that they are out of line with the others. Are we interested in this?

Mr. SYMINGTON, K.C.: My learned friend and Mr. Thompson have had these questions in their hands and if he objects to these questions he can say so.

The CHAIRMAN: One is a contract of management existing at any one year, is that what I understand, or are there more contracts in actual existence?—A. There might be some of the older contracts that govern present, as well as additional matters for which a contract has been made.

Q. There is one agreement evidenced by different documents?—A. One agreement on two or three different documents.

By Mr. Symington, K.C.:

Q. There is only one. It is in respect purely to management, is it?—A. That is right.

Q. Then, Question 10. I had hoped the answers could be made in writing: Details of Sundries, Management Expenses and Brokerages?—A. I gave the sundries, I think, this morning. The sundries are cables from the head office, advertising, charges on wireless apparatus and the proportion of management salary, which I have already mentioned in answer to one of the earlier questions,

[Mr. Thomas H. Thompson.]

the first question. As to brokerages, these brokerages are paid to agents in the Mediterranean ports, where we load at intervals; agents in Canada, at Montreal; agents at interior points in America, and a fraction of them to the agents at Leith, and a fraction of them to the managing company, who run a freight collecting department for the line.

Q. You mean Cairns Noble Company?—A. I mean Cairns Noble Company, but altogether the whole of the brokerages, of all sorts, including very much over 7 per cent, and that sort of thing, to the Mediterranean agent, is slightly over six per cent on the revenue of the steamers, all told.

Q. That is brokerage purely, not management, which you are speaking of—A. Brokerage.

Q. Some of it goes to your agents throughout, and some, as you have explained, to the collection department of Cairns Noble?—A. They render an equivalent brokerage service. I have to explain that this is a thing which is very jealously watched by the auditors of the company, on behalf of the shareholders; and they would not allow £5 to be charged, that was not duly authorized by the management agreement.

Q. It is in accordance with this contract, I suppose?—A. Entirely, oh, yes.

Q. Then, the auditor accepts. Of course, the auditor accepts the contracts?—A. Yes. He refers it to the general meeting of the company, where the contract was approved.

Q. Quite so. Referring to Exhibit 35, on page 73, there is a very large sum charged for sundries in that summary?—A. \$302,000.

Q. Whatever it is, it is under the sundries there.—A. Yes; \$1,500 a voyage. This does not refer to our case alone.

Q. That was a composite statement?—A. Yes.

Q. You say that would include the items which you retailed to us as sundries?—A. I am not sure whether I can answer any questions on that statement. That was prepared by Price, Waterhouse and Company here, and we gave them our figures and left them to group them as they liked.

Q. Then No. 12. I think you have already answered that, have you not?—A. Yes.

Q. Then No. 13, about the insurance?—A. "Is any insurance, charged in the voyage account, paid over to any companies in which Cairns Noble have an interest directly or indirectly." That is the question?—A. None.

Q. Do they get the insurance commission?—A. No, sir.

Q. No. 14: Hull and machinery?—A. "Hull, machinery, premium, freight protection and indemnity, risks and employers' liability."

Q. Can you give the auditor the amount of insurance carried on each hull?—A. I can.

Q. At the rate?—A. Yes.

Q. You will do that, will you please?—A. I will.

Q. No. 16: "Do the voyage summaries submitted agree with any of the books of account and do they include any estimated figures in regard to expenditures and incomes?"—A. Well, I mentioned £65 a voyage, temporarily estimated, in answer to the first question. The summaries do agree with the voyage books and with the voyage ledger accounts.

Q. All these figures can be traced in to the ledger?—A. They can be traced in the voyage books; the ledgers are at the head office; and while we are on this subject, I am authorized by my company to say that we will give absolute carte blanche to Mr. Scott or anybody else appointed who wishes to come over and see them.

Q. Does it go into your general ledger? Do the figures go into your general ledger and form part of that statement?—A. Undoubtedly, yes. The whole thing balances up and is reconciled to a penny.

[Mr. Thomas H. Thompson.]

Q. The only estimated figures are what you have said in answer to No. 1?—A. Yes.

Q. No. 17: Can you furnish that to the auditor? You need not go into that here.—A. The Carnarvon has a crew of 40 men and four apprentices; the Cairndhu has a crew of 40 men and four apprentices, and the wages for the fifth voyage were £993/9/0 on the Carnarvon, and on the first voyage for the Cairndhu were £2,380/5/2.

Q. No. 18: Have you a typical roll?—A. I have not an actual payroll with me but I have a summarized crew list.

Q. Just give it to the auditor. The Committee does not want to be bothered with it.—A. Yes.

Q. No. 19: Have you got those details, that you could give to the auditor?—A. Those details are comprised in twenty or thirty different accounts per voyage, and it never entered my head to bring these with me.

By Hon. Mr. Stevens:

Q. Read the question and see what it is?—A. The question is: "submit details of stores and provisions item, in support of any five of the voyage summaries." The details of the stores and provisions are lamp glasses, tins of sardines; all sorts of things. Sheaves of accounts cover a voyage for 44 men.

Q. What the auditor stated to me was that he wanted a summary of what that very large item in your voyage accounts consisted of, not lamp glasses or anything else but certain particulars of the items which makes up a large sum of money?—A. We do not summarize them ourselves.

By Mr. Duff:

Q. But you buy the goods from the ship chandler?—A. Yes.

Q. You have got that account?—A. Not with me.

Mr. MONTGOMERY, K.C.: He says they are all over there. You can get every one of them. There are all sorts of things, lamp black, grease and all sorts of things?

The WITNESS: These questions are for the stores and provisions item.

By Mr. Duff:

Q. The item would be on the account you got from the ship chandler?—A. Yes.

By Sir Henry Drayton:

Q. You have a certain amount of balance. That refers to the amount of stock you have on hand?—A. There is stock taken at the end of each voyage and it is credited to that voyage and debited to the next voyage.

Q. You would only get that by going into a mess of detail?—A. We purchase every voyage for the requirements of the forthcoming voyage.

Q. Less what you have on hand?—A. That is usually very trifling.

By the Chairman:

Q. What you have on hand is very trifling?—A. As a rule, yes.

By Mr. Symington, K.C.:

Q. Have you any further dissection of the port charges other than shown on that board of voyage summaries? If so submit for five voyages?—A. I have no other dissections here. The only other dissection is in the voyage books of the company.

Q. Your port charges include stevedoring and so on but you have no dissection?—A. That is right.

[Mr. Thomas H. Thompson.]

Q. Have you any further evidence to support these voyage details that you have not submitted to the auditor?—A. No.

Q. Should he decide to go through the books of the Cairns Line could he find the same classification and items as shown on the voyage summaries?—A. Identically.

Q. In what book? The voyage book?—A. The voyage book.

Q. Have you any record, showing the classification, as kept in the books of the Cairns Line? Are accounts kept in the books of the line under other names than as shown in the summary submitted by you?—A. The accounts shown in the summary can be shown by their voyage numbers, in the books of the company, and the books of the company consist of eight voyage books: one voyage journal, one voyage ledger, one general journal, one insurance journal, one general ledger, one cash book, one petty cash book, one bill book and three manifest books. That is really the reason why I did not bring them over.

Q. I suppose the summary would be in the general ledger? The whole thing is brought up in the general ledger, is it not?—A. No.

Q. The summary of all accounts is not in the general ledger—A. No, the summary of the voyage disbursements is not in the general ledger. The profit on the voyage is there but the classification is in the voyage book, in this book that I brought over.

By Hon. Mr. Stevens:

Q. The result of the voyage account would be carried to the general ledger?—A. The result of the voyage account is carried to the general ledger. The voyage result is arrived at in two different ways, and it must balance, and that result is connected up, right up to the published balance sheet, and in documents which I have handed to Mr. Scott.

By Mr. Symington, K.C.:

Q. What I understand is that that book represents, apart from some cards I think, what you have brought over?—A. That is right.

Q. I do not know whether you want to exhibit it to the Committee or not; there is nothing else, anyway?

Hon. Mr. STEVENS: Mr. Chairman, even in the face of your objection, I am going to raise the point again. Mr. Symington persists in saying that the auditor is auditing the books of Cairns and these other companies. I do not take it that way at all; he is not supposed to be doing that; he is simply supposed to assist us by presenting statements of these other companies. If we are going to ridicule these accounts in this way, our time is being wasted unless we send a man to England to make an audit of all these companies' accounts, which seems to me preposterous and absurd.

Mr. SYMINGTON, K.C.: He cannot without the details give proper advice to the Committee, I submit.

Hon. Mr. STEVENS: But there is a vast difference in the operations of every voyage, or in any business of this character. There must be variations.

Mr. SYMINGTON, K.C.: It is a business which cannot be explained by any variations of that character, Mr. Chairman. He will present a summary of those variations.

Mr. BLACK: In plain English, it looks to me as though Mr. Symington is intimating that these witnesses are falsifying the audit of the companies' books.

Mr. SYMINGTON, K.C.: I am intimating nothing at all; I am assuming that he deems what he says to be correct.

The CHAIRMAN: I am sure there is no such imputation to be taken from anything Mr. Symington has said. I know it has not made that impression

[Mr. Thomas H. Thompson.]

upon my mind, that there has been anything improper done. As I understand it, the auditor says that without certain details he is unable to make the analysis which he would like to make, in order to help us. Certainly there is no intimation that the honourable gentlemen who have come before us to testify in this investigation have falsified their books or any of them.

Sir HENRY DRAYTON: Mr. Chairman, I think we are getting far afield from the original idea. I think Mr. Duff is with me in connection with that original idea. What I wanted to get was the original voyage sheets, and have them gone over by the auditor, and from those sheets we can come down, perhaps not to 5 cents or even \$100 here or there, but we can get the general result, and we can easily determine whether that result is approximately correct or not. I think we are amply justified in accepting at their face value these figures until we can get other statements prepared for this case. I am also equally sure that these companies are not falsifying their original voyage sheets for the purpose of putting their business in a state of inextricable confusion, and fooling themselves; they are certainly keeping their voyage sheets as simply as they can and as honestly as they can. If they are not, they are simply putting themselves in a state of endless confusion. If an accountant can go back over them and see whether they can be reconciled with these statements of Profit and Loss as shown by the balance sheets, well and good. If we are going to go into every single thing, such as ship's supplies and lights, refitting and so forth, it can be done very much better in England, and he will have all summer to do it in. But I do not think we are really serious in wanting to do that, although if we go on, we will be getting there, and there is no half-way house.

The CHAIRMAN: Well, we have finished with the question, now I suppose. Now, Mr. Montgomery.

By Mr. Symington, K.C.:

Q. I have one or two more questions. The average tonnage of your boats, Mr. Thompson, is about what?—A. What kind of tonnage do you mean, sir?

Q. Deadweight?—A. About 8,000.

Q. How much do you figure is the cost of a round voyage for those boats, on the average?—A. Do you mean the costs, including depreciation?

Q. Before depreciation?

Mr. MONTGOMERY, K.C.: I don't know whether that is the information my learned friend wants.

Mr. SYMINGTON, K.C.: Mr. Middleton gave us a figure.

Mr. MONTGOMERY, K.C.: I do not know that we are going to have that audit of the accounts that will be affected in the accounts.

The CHAIRMAN: What is the objection, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: The objection is, and has been all the way through, that their management expenses per voyage and so on were matters of their own private concern. It was admitted subject to inspection by any members of the Committee. Further than that, I do not know that any member of the Committee has any interest in broadcasting matters of that kind. They will be all open to the Committee to inspect them, as well as to the accountant, if he wants to take an average of them. We do not want any figures as to the one voyage cost; he can have that, or if the witness cannot give it we have an accountant here to do it. Is it a speculative answer my learned friend wants, or is it an analysis of the general voyages already submitted?

The CHAIRMAN: Can we get the figures from what has been submitted, without depreciation?

[Mr. Thomas H. Thompson.]

Mr. SYMINGTON, K.C.: I don't know. I presume the reason I asked the question is because Mr. Middleton volunteered a statement to this Committee as to what he figured was required on the round trip for his ships. I am asking the witness the same question, as to which Mr. Middleton volunteered a statement. I do not know how many you are analyzing, or how many voyages do appear in the accounts submitted.

The WITNESS: Approximately 100 voyages, in the two years.

Mr. MONTGOMERY, K.C.: If my learned friend is interested at all, Mr. Scott can give him the information.

Mr. SYMINGTON, K.C.: All right, we can get it from the auditor.

By Mr. Symington, K.C.:

Q. Mr. Thompson, I am looking at a book on Shipping Accounts, by a gentleman named Garnsey, of Messrs. Price, Waterhouse & Company. In referring to the method of keeping the accounts I want to see if you can give us any information. Mr. Garnsey says:

"The cost per ton of loading and discharging cargo"——

Can you furnish us, Mr. Thompson, with the cost per ton of loading and discharging cargo?

The CHAIRMAN: Where?

Mr. SYMINGTON, K.C.: On his line.

The WITNESS: What kind of cargo, Mr. Symington?

By Mr. Symington, K.C.:

Q. Composite, a unit?—A. No.

Q. You do not provide a unit then which you can give us showing the cost per ton of loading and discharging your cargo?—A. It would not be any use if we could. We do not keep that record, because cargoes vary voyage by voyage, and there are different costs for different commodities.

Q. You do not keep them that way?—A. No.

Q. Don't you keep the freight earnings per ton; do you keep that?—A. Only ships' manifests, which are things as big as a Sunday newspaper, every voyage. We have that.

Q. You do not arrive at your result?—A. I have not that figure.

By the Chairman:

Q. Do you have Sunday newspapers in the old country too?—A. No.

By Mr. Symington, K.C.:

Q. Do you keep separately, so that you can give it to us, the unit of the cost of the coal consumed, and the costs in the engine department?—A. I can give you the average cost of coal per ton over the year, or per voyage. I can let Mr. Scott have that.

Q. Then do you make general comparisons of the expenses and earnings of the whole fleet, and of different voyages of the same fleet?—A. We do.

Q. Have you those?—A. That is what you have had.

Q. You have not got them summarized?—A. Yes, I have; you have had it.

Q. That is what you have there?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Are the statements which you produce statements which were prepared for the purposes of this case?—A. No, sir. The 1923 figures were prepared twelve months ago, and the 1924 figures were prepared early in March of this year.

[Mr. Thomas H. Thompson.]

Q. In the ordinary course of business?—A. In the ordinary course of business.

Q. Without any reference to this inquiry?—A. Without any reference to this inquiry whatever.

Q. These voyage books you have spoken of; I understand a book is kept for each steamer?—A. Yes.

Q. Giving its history, as far as the voyage is concerned, practically their entire report?—A. That is right.

Q. And you have quite large books for that purpose?—A. Yes, almost as big as this one here.

The CHAIRMAN: That is all, Mr. Thompson. We are very much obliged to you indeed.

The witness retired.

STEWART BENJAMIN BROWN, called and sworn.

By the Chairman:

Q. Where do you come from, Mr. Brown?—A. Toronto.

Q. What do you do?—A. I am Manager of the Transportation Department of the Canadian Manufacturers' Association.

By Mr. Symington, K.C.:

Q. Mr. Brown you are Traffic Manager for the Canadian Manufacturers' Association of Toronto?—A. I am Manager of the Transportation Department of the Canadian Manufacturers' Association. That is what they call me.

Q. On page 19 of Exhibit No. 68, the Preston Report, certain rates are given?

A. Yes.

By the Chairman:

Q. Have you got that, Mr. Brown?—A. Yes, sir, I have that.

By Mr. Symington, K.C.:

Q. These figures it states there were taken from the Canadian Manufacturers' Association. You furnished those figures, did you?—A. Yes, at the request of Mr. Preston.

Q. Will you file the statement which you have there, or a similar one? I ask to read into the record the statement you have prepared, and which verifies that exhibit, and you have added a column showing the percentage increase in 1924 over 1914.—A. After March 1st, Mr. Chairman.

The CHAIRMAN: He had better read that and explain it. You want him to read it in?

Mr. SYMINGTON, K.C.: I would like to get it before the Committee.

By Mr. Symington, K.C.:

Q. I judge, Mr. Brown, from this heading you have here, that this was prepared at the time of the proposed 25 per cent increase of March 1st, 1924?—A. Yes.

The figures you see in that first column: "Proposed 25 per cent increase March 1st, 1924," are the figures that were put in on March 1st.

Q. Then you have added the last column?—A. Yes, the per cent increase of March 1924 over 1914.

Q. Then it read as follows:

"1914, Agricultural Implements 11.83 cents per 100 pounds, or 9.13 cents per cubic foot."

[Mr. Stewart B. Brown.]

Mr. MONTGOMERY, K.C.: What is the object of that?

The CHAIRMAN: That is not exactly the same as given in Mr. Preston's report.

Mr. SYMINGTON, K.C.: No, it is 12, instead of 11.83.

By Mr. Montgomery, K.C.:

Q. Another thing is that it is a proposed increase. As I understand it, Mr. Brown—you will correct me if I am wrong—this was sent out as to a proposed increase of rates and you were getting the views of the manufacturers on it.—A. This was not sent out, but it was prepared at that time.

Q. Are you able to state whether or not that was the increase that was put in effect?—A. That was the increase as we understood from the steamship companies themselves.

Q. But was it the rate actually put in effect? Those are not the rates put in effect.

Mr. MONTGOMERY, K.C.: What I was suggesting is this, Mr. Chairman: my learned friend is anxious to have this put on the record. If it is the proposed increase that the witness understood was to be put in force at the time it was made up, then what is the use of putting it on the public record?

By Mr. Symington, K.C.:

Q. Is it true or not that those increases came into effect?—A. We have another statement here that I prepared that I think will answer that. It was made later. This other statement was made from information received from the steamship companies themselves, in, I think, January of this year.

Mr. MONTGOMERY, K.C.: Just to take the first item; I do not know how the rates compare, but I see the item of fifty cents per 100 pounds. I understand the rate is 25 cents per cubic foot.

The WITNESS: That was on the per 100-pound basis. We understood the rate would be fifty cents per 100 pounds, and I think it is the rate.

The CHAIRMAN: Gentlemen, Sir Eugene Fiset makes a suggestion to me, which I think a wise one, that we should ignore this schedule on page 19 and that the witness should put in a new and correct schedule of to-day's rates.

By the Chairman:

Q. Is it based on to-day's rates, Mr. Brown?—A. This schedule I have here, Mr. Chairman, has the rates of January, 1925, as supplied by the steamship company.

The CHAIRMAN: Is not that what we want, Mr. Symington? With your permission, gentlemen of the Committee, I will ask the witness to produce this schedule as Exhibit Number 79.

EXHIBIT No. 79
OCEAN RATES TO UNITED KINGDOM

Commodity	1914	1924	Per cent Increase Feb., 1924 over 1914	Proposed 25 per cent Increase March 1, 1924	Per cent Increase March, 1924 over 1914
			%		%
Agricultural Implements.....	11.83c. per 100 lbs.	30c. per 100 lbs.	153.6	50c. per 100 lbs.	347
Automobiles.....	9.13c. per cu. ft.	15c. per cu. ft.	75.2	25c. per cu. ft.	168
Auto Tires.....	9.85c. per cu. ft.	15c. per cu. ft.	166.6	25c. per cu. ft.	233
Measurement Goods:—					
Coarse.....	7.50c. per cu. ft.	30c. per cu. ft.	300	40c. per cu. ft.	433
Fine.....	15.00c. per cu. ft.	30c. per cu. ft.	100	40c. per cu. ft.	166
Weight Goods.....	21.43c. per 100 lbs.	60c. per 100 lbs.	179.9	75c. per 100 lbs.	249

[Mr Stewart B. Brown.]

By the Chairman:

Q. I hold in my hand the schedule you have prepared. Is that schedule based on actual rates or merely on proposed rates?—A. That is based on what we were given to understand by enquiring from the steamship companies, the proposed rates they were going to put into effect on March 1st.

By Mr. Black:

Q. You were asked whether they were put into effect.

By Mr. Symington, K.C.:

Q. Were they put into effect?—A. I will have to compare this other statement before I can answer that question.

Q. I have the steamship company's statement; fifty cents pere 100 pounds. Is that the rate you have?—A. I have that rate here, sir.

Q. 25 cents per cubic foot, or fifty cents per 100 pounds, whichever is the greater. So that there can be no exception taken to the fifty cents per 100 pounds, because that would be the rate unless 25 cents per cubic foot were greater.

Mr. MONTGOMERY, K.C.: According to the measurement of the goods, I am informed.

By Mr. Symington, K.C.:

Q. What is the next one there?—A. Automobiles.

Q. The rate given in Exhibit 53 is 25 cents a cubic foot?—A. 25 cents per cubic foot, as of March 1st, 1924, proposed.

Q. That is the present rate too. What is your other one?—A. Automobile tires.

Q. Automobiles here, and tires, is 25 cents per cubic foot, is that right?—A. Yes.

Q. That is the present rate.

By Mr. Black:

Q. Is that the present rate?—A. Mr. Symington has the present rates there, sir. He is reading them to me.

The CHAIRMAN: They are the present rates. I have got it here.

By Mr. Symington, K.C.:

Q. Automobile tires 25 cents a cubic foot?—A. That is what I have here.

Q. No, 100 lbs.—A. I have it per cubic foot here.

Q. Per cubic foot is it? Then Exhibit 53 I think should be corrected. Then what is the other one, Mr. Brown?—A. Measurement goods.

Hon. Mr. STEVENS: Take flour. Flour is next.

The CHAIRMAN: I would draw the Committee's attention to Exhibit 53, That in Exhibit 53 automobile tires are said to be 25 cents per 100 lbs. That is a mistake is it not?

Mr. SYMINGTON, K.C.: Mr. Marlow says that is a mistake, that it should be 25 cents per cubic foot.

Mr. MONTGOMERY, K.C.: Tires, rubber.

Mr. SYMINGTON, K.C.: Turning to the next one: measurement traffic, Exhibit 53.

Hon. Mr. STEVENS: No, flour.

The WITNESS: The statement we sent to Mr. Preston I see includes flour which is left out of this other statement, but I have flour in the statement we sent to Mr. Preston, I have that here.

[Mr. Stewart B. Brown.]

Mr. SYMINGTON, K.C.: Do you want to go into Mr. Preston's statement or take the new one? Which does the Committee want?

The CHAIRMAN: Let us take the new one I think, Mr. Symington.

Mr. SHAW: The point I would like to raise is this: as I understand it the steamship companies have presented Exhibit 53, which purports to be in fact a correct statement of the existing rates to-day?

Mr. SYMINGTON, K.C.: Yes, that is so.

The CHAIRMAN: So that we will not proceed on a mistake, the last year mentioned in Exhibit 53 is 1924. There are some changes, I understand, in 1925, so that 53 is not brought up to date.

Mr. SHAW: Then I take it we are directing our attention to the changes made in the rates over those indicated in Exhibit 53. My idea is this, Mr. Chairman: we should not clutter up the records with a lot of Exhibits that are unnecessary. If the witness can tell us where Exhibit 53 is wrong or where it should be brought up to date, then I think we would be making some progress.

Mr. SYMINGTON, K.C.: May I explain, Mr. Shaw? This Exhibit shows more than 53. It is a comparison with the 1914 pre-war rates. I understand from Mr. Marlow that these rates as shown in this are correct according to the Exhibit. So that I think perhaps we can go on with this Exhibit 79.

By Mr. Symington, K.C.:

Q. Agricultural implements, percentage increase March 1924 over 1914, 347 per cent. Is that right, Mr. Brown?—A. 347 per cent, yes.

Q. Automobiles percentage increase March 1924 over 1914, 168 per cent?—A. Yes.

Q. Automobile tires, percentage increase, March 1924 over 1914, 233 per cent?—A. Yes.

Q. Measurement goods: coarse. Percentage increase March 1924 over 1914, 433 per cent. That is correct?—A. Yes.

Q. Measurement goods: fine. Percentage increase March 1924 over 1914, 166 per cent.—A. Yes.

Q. Weight goods. Percentage increase March 1924 over 1914, 249 per cent?—A. Yes.

Hon. Mr. STEVENS: Why do you leave flour out?

Mr. SYMINGTON, K.C.: It is not in this statement that we have produced.

The WITNESS: This statement was really prepared prior to the submission to the Imperial Shipping Committee, and at that time the flour question had been practically settled.

The CHAIRMAN: Now we are producing this statement as Exhibit 79?

Mr. SYMINGTON, K.C.: Just a minute, Mr. Chairman, if you will. I think if any of the Committee would like flour and leather cleared up from this 19, I think we should do it.

The CHAIRMAN: All right, go ahead.

By Mr. Symington, K.C.:

Q. Looking at page 19 of Mr. Preston's Exhibit; flour. Were those the correct rates at that time?—A. You mean in 1914?

Q. And 1924, yes.—A. The 12 cents per cubic foot was the rate shown in 1914 as per cards issued that I have here. And 1924, 19 cents per cubic foot, a proposed 25 per cent increase March 1st 1924, 20 cents per cubic foot.

Q. I understand there has been a change in the flour rate?—A. Yes.

Q. So that that statement, published then, does not correctly show the flour rate now?—A. I understand so.

Q. In fact, there was a change a week or two ago, was there not?

[Mr Stewart B. Brown.]

Mr. FLINTOFT: There was a reduction, in 1925.

The CHAIRMAN: Within the last ten days?

Mr. SYMINGTON, K.C.: Yes.

The CHAIRMAN: A reduction of two cents.

By Mr. Symington, K.C.:

Q. And leather, was that correct in that statement?—A. Leather is not in that statement, is it?

Q. Yes.

Hon. Mr. STEVENS: I think we got the price on leather yesterday, of 85 a hundred lbs.

Mr. SYMINGTON, K.C.: But it is cubic feet Mr. Stevens.

Hon. Mr. STEVENS: It is 85 a hundred lbs, in '24.

The CHAIRMAN: Sole leather was 85 cents per 100 lbs.

The WITNESS: I do not think that is on the statement that I sent to Mr. Preston but I may have given that information in a letter. I will see.

Mr. SYMINGTON, K.C.: See if you have, will you. I think you are right there, Mr. Stevens; I think that should be a hundred pounds.

The WITNESS: The rate on leather, based upon July 1st 1914, or rather in a period ending July 1st 1914, was given to us by the shipper of leather as 27.1 cents per hundred pounds. That was contained in a letter to Mr. Preston.

By Mr. Symington, K.C.:

Q. Plainly this "cubic feet" is a mistake. 85 cents a hundred pounds in 1924. We have had that evidence; that would be correct?

Mr. RINFRET: But, Mr. Symington, in the Preston report it says in 1914 27.1 cents per cubic foot, and in 1924, 85 cents per hundred pounds.

Mr. SYMINGTON, K.C.: That 27 cents per cubic foot is a mistake; it is 27 cents per hundred pounds.

Mr. RINFRET: And no additional increase after March 1st 1924?

Mr. SYMINGTON, K. C.: There is none shown; I do not think there is any.

By Mr. Symington, K.C.:

Q. Now, you prepared another statement, Mr. Brown, did you?—A. Yes sir.

Q. What is this statement you prepared?—A. This statement shows the rates for the period February 6th to 21st in the year 1914, with the rates as of January 1925, the rates in 1914 being taken from certain Advice Cards issued by the Grand Trunk Railway, and the rates in January 1925 given to us by the steamship companies in letters.

Q. The 1914 rate, so that the committee may understand as you explained it to me—if I am wrong you will correct me—they sent out weekly advice on ocean rates and sailing?—A. Yes sir.

Q. On the inside of which are the rates shown, quoted for that week?—A. Yes. "These rates are for general information only and are subject to change at any time without notice".

By Hon. Mr. Stevens:

Q. What commodities, generally speaking? Is that package freight?—A. There is a variety of material like apples, automobiles, butter, canned goods, cheese, eggs and so on.

Q. General cargo?—A. General cargo.

By Mr. Symington, K.C.:

Q. And it is from those weekly statements that you took the 1914 rates shown on this statement Exhibit 80?—A. Yes.

By Mr. Symington, K.C.:

Q. And this Exhibit 80, then, shows in the last column a percentage which increased between February 1914 and January 1925, on certain of the commodities?—A. Yes sir.

Q. But not on the others. Why have you omitted some, supplied the one and not the others?—A. Because the rates that we found in these cards of 1914 were per cubic foot, whereas now they are on the hundred pounds basis, and it was difficult, very difficult in fact, to work that out.

Q. So that is the reason there are vacancies in your percentage of increase column?—A. Yes.

Q. It was so difficult in working them out, because of that fact?—A. Yes, we had no knowledge of the weight per cubic foot of these articles.

EXHIBIT No. 80

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase
	February 6 to 21, 1914	January, 1925	
Starch—			
In bags or boxes.....	15	21	75
Sugar—			
In bags.....	12	25	108
Syrup, Corn—			
In barrels.....	12	25	108
Syrup, Cane—			
In barrels.....	15	25	66
Iron or steel bars, loose.....	4.80 per gross ton..	7.00 per gross ton	45
Automobile parts, unassembled.....		25 per cu. ft. 50 per 100 lbs.	
Automobiles, Pleasure, Chassis or Bodies, set up or knocked down up to three tons.....	9.75 per cu. ft.	25 per cu. ft.	156
Washing Machines, Wooden, without mechanical or electrical attachments.....	6.75 per cu. ft.	100 per 100 lbs.	
Washing Machines, other than wooden, with electrical or mechanical attachments.....	6.75 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	
Brooms, in bundles or cases.....	6.00 per cu. ft.	150 per 100 lbs.	
Doors, subject to clause "unprotected—carried at owners' risk of damage or breakage".....	6.00 per cu. ft.	50 per 100 lbs.	
Wood Mouldings, in white.....	6.00 per cu. ft.	50 per 100 lbs.	
finished.....	6.00 per cu. ft.	100 per 100 lbs.	
Dowels (Heavy).....	6.00 per cu. ft.	45 per 100 lbs.	
(Light).....	6.00 per cu. ft.	55 per 100 lbs.	
Parquetry Flooring.....	6.00 per cu. ft.	65 per 100 lbs.	
Flooring Strips (Heavy).....	6.00 per cu. ft.	35 per 100 lbs.	
(Light).....	6.00 per cu. ft.	45 per 100 lbs.	
Lumber (Heavy).....	6.00 per cu. ft.	35 per 100 lbs.	
(Light).....	6.00 per cu. ft.	45 per 100 lbs.	
Furniture Stock, in the white, in cases or crates, knocked down.....	6.00 per cu. ft.	100 per 100 lbs.	
Handles, in bundles, cases, bags or crates, Stright.....	6.00 per cu. ft.	40 per 100 lbs.	
"D".....	6.00 per cu. ft.	40 per 100 lbs.	
Not otherwise specified.....	6.00 per cu. ft.	75 per 100 lbs.	
Veneers, in crates or cases.....	6.00 per cu. ft.	65 per 100 lbs.	
Bakeboards, Wooden, knocked down.....	6.00 per cu. ft.	75 per 100 lbs.	
Ironing Boards, Wooden.....	6.00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Maple Blocks (give description, what used for, etc.).			
Shoe lasts.....	6.00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Wood Rims, in the white, loose or crated.....	6.00 per cu. ft.	85 per 100 lbs.	
Staves, finished, in bundles.....	6.00 per cu. ft.	30 per 100 lbs.	
Wood pulleys.....	6.00 per cu. ft.	100 per 100 lbs.	

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—

Continued

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase %
	February 6 to 21, 1914	January, 1925	
Pulley Blocks.....	6.00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Washboards.....	6.00 per cu. ft.	75 per 100 lbs.	
Wooden Spoons.....	6.00 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	566
Apples, in barrels, not exceeding 7 feet ordinary stowage	66.00 per barrel.	90 per barrel.	
In wooden boxes, not exceeding 1.8 cubic feet, must be strapped or wired or guarantee given, ordi- nary stowage	10.5 per cu. ft.	30 per box.	
Evaporated, in boxes, must be strapped or wired or guarantee given, ordinary stowage.....	20 per 100 lbs.	50 per 100 lbs.	150
Canned Goods, in boxes, strapped or wired on two ends, or cross strapped.....	21.5	50	132.6
In boxes, single strapped or wired.....	21.5	55	155.8
In boxes, not strapped or wired.....	21.5	60	179
Quaker Oats, in bags.....	16	40	150
in cases.....	4.8 per cu. ft.	40	
Rolled Oats, in bags.....	16	30	88
in cases.....	4.8 per cu. ft.	40	
Grape Nuts, in bags.....	16	60	275
in cases.....	4.8 per cu. ft.	60	
Cheese, in boxes.....	26.8	70	161
in crocks.....	32.1	70	115
Furs and Peltries.....	18 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	122
Flour, in barrels and half barrels.....	12 (in sacks).	21	
Oatmeal, in barrels and half barrels.....	12	21	75
Cornmeal, in barrels and half barrels.....	12	20	66
Oil Cake.....	12	30	150
Cottonseed Cake.....	12	30	150
Glucose, in barrels.....	12	25	108
Hardware.....		40 per cu. ft. 75 per 100 lbs.	
Flow Castings.....		25 per cu. ft. 50 per 100 lbs.	
Spades and Shovels.....			
Hay Forks.....			
Plows.....	6.75 per cu. ft.	25 per cu. ft. 50 per 100 lbs.	270
Beams.....			
Repairs.....			
Windmills.....	7.75 per cu. ft.	40 per cu. ft. 75 per 100 lbs.	492
Binders.....			
Cultivators.....			
Mowers.....	6.75 per cu. ft.	25 per cu. ft. 50 per 100 lbs.	270
Reapers.....			
Threshing Machines.....			
Leather, cut soles, in bales and bundles.....	\$1.50		
Finished, in cases.....	32.1 per 100	60 per cu. ft.	
Finished splits, in cases.....	32.1 per 100 lbs.	60 per cu. ft.	
Finished splits, in rolls, bales and bundles.....	32.1 per 100 lbs.	85 per cu. ft.	
Sole, in bales or bundles.....	32.1 per 100 lbs.	85 per cu. ft.	
Ores—			
Cobalt.....	21.5 per 100 lbs.	40 per cu. ft. 75 per 100 lbs.	
Copper.....			
Chrome.....	16 per 100 lbs.	40 per cu. ft. 75 per 100 lbs.	
Marl.....		50 per 100 lbs.	
Nickel and Corundum, in bags.....	21.5 per 100 lbs.	75 per 100 lbs.	132.6
in bags.....	21.5 per 100 lbs.	75 per 100 lbs.	249
Nickel Matte.....		550 per gross ton	
Zinc Ore.....		700 “	
Copper Matte.....		550 “	
Mica, ground.....		60 per 100 lbs.	
Graphite.....		75 per 100 lbs.	
Machinery, up to two tons.....		40 per cu. ft. 75 per 100 lbs.	
Lawn Mowers.....	6.75 per cu. ft.	25 per cu. ft.	270

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—
Concluded

Commodity	Rates in Cents per Hundred Pounds except where noted		Increase %
	February 6 to 21, 1914	January, 1925	
Beef, Lard, Pork, Grease, Tallow, in barrels and tierces weighing over 35 lbs. gross.....	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Lard, in cartons, in cases, when not strapped takes 10c. over lard in boxes; when single strapped takes 5c. over lard in boxes.			
Refrigerator List—frozen carcasses and parts including cost of unloading cars, \$1.50 per 100 lbs.			
Bacon, Hams, Meats, in boxes, or cases, over 35 lbs....	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Butter, ordinary stowage.....	32·1 per 100 lbs.	100 per 100 lbs.	210
Refrigerator.....	32·1 per 100 lbs.	150 per 100 lbs.	367
Eggs, in shells, ordinary stowage.....	9c. per cu. ft.	35 per cu. ft.	288
Refrigerator.....		55 per cu. ft.	
Oleo, in tierces and barrels.....	21·5 per 100 lbs.	50 per 100 lbs.	132·6
Wax.....	21·5 per 100 lbs.	35 per 100 lbs.	63
Radiators.....	16 per 100 lbs.	40 per cu. ft.	
		75 per 100 lbs.	
Clover seed, 60 lbs. to bushel.....	27	60	122
Grass, 14 lbs. to bushel.....	36	100	178
Timothy, 45 lbs. per bushel.....	29	60	106
Beans, dried in bags.....	14	50	257
Split peas, dried in bags.....	14	50	257
Soap—			
Common.....	21·5 per 100 lbs.	50	132·6
Powder.....		60	179
Stock in barrels.....	21·5 per 100 lbs.	50	132·6
Toilet.....		40 per cu. ft.	
		75 per 100 lbs.	
Lubricating Oil—			
In standard barrels, or drums, cubical capacity not exceeding 12 cu. ft. 3 ins.....		\$1.50 per barrel	
Exceeding 12 cu. ft. 3 ins.....	21·5 per 100 lbs.	35 per 100 lbs.	63
In half barrels, not exceeding 7 cubic feet.....		85 per half barrel	
In kegs and cases.....	21·5 per 100 lbs.	35 per 100 lbs.	63

By Mr. Symington, K.C.:

Q. Mr. Brown, I understand that the Canadian Manufacturers' Association had something to do with the 25 per cent horizontal increase, when it was proposed in March, 1924, and took the matter up to see whether there were complaints or something of that kind—I do not know what it is?—A. Yes, sir.

Q. What did you do?—A. Like all other matters of that character, the question was brought before our Transportation Committee, which is a committee composed of members of the association from coast to coast. The proposed increase of 25 per cent was brought before that committee, and they were asked as to what action, if any, should be taken by the association, and the committee recommended that a sub-committee be appointed to confer with the Export Club of Toronto, because they felt that the Export Club of Toronto could best handle the matter, and in order to avoid duplication, they arranged for the sub-committee to meet with the Export Club, to arrange what should be done. It was arranged for the Export Club—not the association,—to send out a circular asking for certain explanations from its members.

Q. And the Export Club did it send it out?—A. They did send it out. I might say right here that the circular was sent out with the clear understanding that information supplied should be confidential as regards the names of the companies supplying it; that only total figures and the character of commodities and so on, would be submitted publicly, or to the carriers.

Q. Your sub-committee worked then with the Export Club in the operation of this?—A. Yes.

[Mr. Stewart B. Brown.]

Q. And did your association also have some direct correspondence with the steamship companies?—A. Yes, we did; we directed a letter to the steamship companies.

Q. Have you got that?—A. Yes.

By Mr. Flintoft:

Q. What was the date of that circular, Mr. Brown?—A. February 24th, 1924.

By Mr. Symington, K.C.:

Q. You say that the association wrote the steamship companies?—A. A letter was directed to the steamship companies on January 29th, before this circular went out.

Q. By the Canadian Manufacturers' Association?—A. By the Canadian Manufacturers' Association, entering a general protest against the proposed increase, which was to take effect March 1st, 1924.

Q. Have you any objection to producing a copy of that letter?—A. No, certainly not (handing paper to counsel).

The CHAIRMAN: We will produce that as Exhibit No. 81.

Exhibit 81: Circular letter re Ocean Rates, proposed increase, 1924, sent out by C.M.A., dated January 29, 1924.

By Mr. Symington, K.C.:

Q. This is a letter dated January 29th, 1924, addressed to the various steamship lines—or to whom?—A. I can give you the names of them. To Mr. J. E. Dalrymple, Mr. W. B. Teakle, Mr. D. O. Wood, Mr. W. M. Kirkpatrick, and Mr. W. R. McInnes.

Mr. SYMINGTON, K.C.: (Reading):

" Re Ocean Rates—Proposed Increase 1924

DEAR SIR—The proposal to increase ocean rates from North Atlantic ports to the United Kingdom effective March 1st, 1924, is a matter of great importance to our members. Accordingly our Transportation Committee and our Executive Council have recently given very careful consideration to a number of complaints received from our members in connection with this matter and have unanimously agreed that the Association place before the steamship and railway company representatives in Canada the opinion that the proposed increase will have a very serious effect upon the development of our export trade affecting, as it does, our ports, rail lines and steamship services. In entering this protest against the increase proposed we would particularly draw your attention to the following facts:—

1. The present level of ocean rates is considerably higher than that of pre-war days and the suggested increase will considerably widen the spread.

2. Export trade is highly competitive, dealing, as it does, in world markets and an increase in ocean rates from Canada without corresponding increases from European countries accentuates in a serious way the competition.

3. While we understand an increase will also be made from United States ports to United Kingdom, domestic conditions in Canada are less favourable than those in United States, making it more difficult to meet the suggested rate situation.

In comparing the rates existing to-day with those in 1914 we find that some of the important commodities are as much as 166 per cent higher, while on general cargo they are in some cases 300 per cent higher.

[Mr. Stewart B. Brown.]

The proposed increase will produce a level of rates, which we strongly urge is considerably higher than could be warranted by the difference in the cost of operation between pre-war days and the present. We would urge that it is in the interests of the steamship companies operating from Canadian ports to take such steps as will prevent the increases proposed in ocean rates effective on March 1st.

The domestic conditions in Canada, so far as general business is concerned, is less favorable than that in United States, which you will appreciate makes it considerably more difficult for Canadian industries to bear any further increases in cost of doing an export business in the United Kingdom.

It is requested that this matter be given your careful and immediate attention with a view of taking whatever action is necessary to prevent the increase proposed.

I would be pleased to hear from you in connection with this matter.

Yours faithfully,

Manager—Transportation Department."

By Mr. Symington, K.C.:

Q. Did you get a reply to that?—A. Yes, sir.

Q. Will you produce it, please?—A. There are several.

Q. Well, from one of the steamship lines?—A. Shall we take the Canadian Government Merchant Marine as being typical?

Q. No, they are not a Conference line.

Hon. Mr. STEVENS: They were in the Conference at that time.

Mr. SYMINGTON, K.C.: Then you had better produce them all.

The WITNESS: Here sir (Handling documents to Counsel).

By Mr. Symington, K.C.:

Q. There are four here?—A. Yes.

Mr. SYMINGTON, K.C.: Well, now, I think we can dispense with the reply from Mr. Dalrymple and the one from Mr. Wood; they are officers of the railways. I have not read them. There is one from Mr. Teakle who is the manager of that System's boats; I do not think there is anything in them?

Mr. MONTGOMERY, K.C.: What have you now?

Mr. SYMINGTON, K.C.: The C.P.R. and the Canadian Government Merchant Marine. Shall I read these replies, Mr. Chairman?

The CHAIRMAN: I think so, sir.

Mr. SYMINGTON, K.C.: This is a letter dated February seventh, 1924, from Mr. R. B. Teakle, General Manager of the Canadian Government Merchant Marine to the Canadian Manufacturers Association Inc., Toronto, and reads as follows:—

"DEAR SIR:—

Attention Mr. S. B. Brown, Manager.

I have your favor of 29th ultima dealing with freight rates to the United Kingdom. As you are probably aware the steamship operators generally have lost money in connection with their operations during the past year, and in the face of this we in Canada were obliged to meet an increase in wages to Longshoremen at St. John and Halifax at the opening of the winter season, and we fully anticipate that we will be forced to take similar action at Montreal with the opening of the St. Lawrence. The increase at the winter ports has been approximately 20 per cent, and what we anticipate at Montreal will be, at least, in the same proportion.

[Mr Stewart B. Brown.]

Rates for some time have been such as to make it quite impossible for steamship operators to secure even a working revenue, and if regular and efficient services are to be maintained, and which you will admit are necessary in the interests of Canadian Exporters at large, we must get sufficient return from the carriage of our cargoes to pay expenses.

It is the desire of the Canadian Government Merchant Marine, Limited, as I am sure it is likewise of the other lines serving Canadian shippers, to exert every effort to assist in maintaining, or increasing if possible, the volume of Canadian exports, and we will welcome at any time such figures as will tend to show definitely that prices offered by foreign competitors are such as to make impossible marketing of Canadian manufactures after the manufacturers in this country themselves have made every effort to meet competition through their own interior workings. With such information before us, individual applications will be treated on their merits, and if relief can be found through the reduction of ocean freight rates, such reductions you can be assured will be gladly granted if consistent with the efforts which we are making to properly maintain and operate our steamers on the respective trade routes which we have entered.

I do not think it untimely to refer in this letter to the increased support which we appear to be receiving from our Canadian shippers generally, and which we greatly appreciate. With statistics showing that Canada's exports are increasing it is our feeling that we can expect a greater degree of co-operation from the trade, and it is only natural to assume that added volume of tonnage is bound to place us in a far better position to consider reductions in freight rates than we find ourselves at present.

Yours truly,

(Sgd) R. B. TEAKLE,
General Manager."

There is a letter from W. M. Kirkpatrick, Foreign Freight Traffic Manager.

The CHAIRMAN: Of what company?

Mr. SYMINGTON, K.C.: The C.P.R., to S. P. Brown, Manager, Transportation Department, Canadian Manufacturers' Association. This letter reads:

"DEAR SIR:—I have your letter of January 29th in reference to ocean rates.

You lay stress on the fact that the present level of ocean rates is considerably higher than that of pre-war days. I think you will admit that all costs are very much higher than pre-war days. It cannot be denied that the steamship business during 1923 was exceedingly poor, and that the cargoes did not pay the expenses of the ship.

I should also like to point out that your letter is of an exceedingly general character. We could go into the situation very much more intelligently if you would give us specific instances of the complaints. If the steamship companies are to continue to give the service that they have been giving, it is essential that they receive more revenue. At the same time, we are always prepared to discuss any particular case on its merits.

Yours truly,

(Sgd) W. M. KIRKPATRICK,
Foreign Freight Traffic Manager."

Mr. DUFF: Is there any thing from the other steamships?

The WITNESS: No, sir, that was directed only to the C.P.R., and the Canadian Government Merchant Marine and the Railway Companies.

[Mr. Stewart B. Brown.]

By Mr. Symington, K.C.:

Q. Did you have something to do with individual complaints?—A. Yes, sir.

Mr. SYMINGTON, K.C.: Do you want to go into that?

Mr. MONTGOMERY, K.C.: I do not want them.

By Mr. Symington, K.C.:

Q. You have received a certain number of complaints and you took them up and others you did not?—A. Yes, sir. We received certain complaints and took them up with the steamship company, resulting in some of them being satisfactorily disposed of.

By Mr. Flintoft:

Q. A good many of them, you have found, were not interested in the trade at all?—A. There was a summary received in reply to the circular issued by the Export Club, but the summary was given to us in confidence. The summary gives you an idea of what these complaints were exactly.

By Mr. Symington, K.C.:

Q. You produce a summary of complaints in answer to a circular?—A. Yes, in answer to the circular which I referred to sometime ago, of February fourth, 1924.

Q. You have no objection to producing the circular?—A. No objection at all.

Mr. SYMINGTON, K.C.: My learned friend has no objection to this?

Mr. MONTGOMERY, K.C.: Had you not better put the circular in first?

Mr. SYMINGTON, K.C.: Suppose we put them in together, the circular and the summary of complaints?

By Mr. Symington, K.C.:

Q. You produce then, Mr. Brown, which we will mark as Exhibit 82, a circular sent out by the Export Club and a summary of the complaints which you received from members of the Export Club, showing the details of their complaint?—A. Yes.

Exhibit No. 82: Circular and Summary of Complaints filed.

Q. You told the Committee that some of these complaints were attended to or some were adjusted and some were refused?—A. Yes, and there are a few others that we had, that were not mentioned on that list.

Mr. MONTGOMERY, K.C.: I do not think I have any questions to ask him.

The CHAIRMAN: Any further questions, gentlemen? Any member desiring to question Mr. Brown? If not, I will thank him for his attendance here.

By Mr. Flintoft:

Q. Mr. Brown, were you approached with reference to appearing before this Committee?—A. I was served with a telegram, sir, dated the eighteenth of this month, from S. R. Gordon, clerk of the Committee.

Q. That was your first request to give evidence, was it?—A. The first subpoena, yes.

Q. The first request your Association received, to give evidence?—A. That is the first request that I know of.

Q. The first request you know of?—A. Yes.

Q. As far as you know, no one was approached, on the part of your Association, to give evidence or to make representations before the Committee?—A. I do not think so, sir; not that I know of.

Q. Well, did you not have some correspondence with your members, in reference to complaints before this Committee?—A. As to complaints?

[Mr Stewart B. Brown.]

Q. Yes.—A. I do not just get the question; not as to complaints before the Committee. I do not just understand.

Q. Did you have any correspondence with your members, as to this proposed inquiry?—A. As to this proposed inquiry?

Q. Yes.—A. Yes, we had certain correspondence as regards a meeting of our transportation committee, because of this question.

Q. What gave rise to that?—A. Because of this question.

Q. What question?—A. The question that is before this Committee.

Q. Was that just spontaneous or was it as a result of some representations made to you?—A. As I recall it, it was sent out, advising our members, as we do in connection with all committee meetings, when any question of a nature of that character is under consideration, we had a meeting of the transportation committee and placed before them certain facts pertaining to it and asked the transportation committee to say what policy might be adopted by the association on the particular question.

Q. What was the policy adopted?—A. I am instructed that the policy adopted by the Association is that they have nothing to say, one way or the other.

Q. In fact, as a matter of fact, your organization was more interested in stability of rates, regularity of service, than anything else?—A. I may say that the Canadian Manufacturers Association, in dealing with transportation matters, always consider service primarily and rates secondly.

Q. Generally speaking the ocean rates form a small percentage of the selling value of the higher grade of manufactured articles?—A. I have no exact facts on that point.

Q. I say generally speaking?—A. It may be so.

Q. Did you receive any reply from P. Burns and Company in that connection?—A. You mean in connection with the Committee meeting.

Q. Yes.—A. We might have, because there is a representative of P. Burns and Company on the transportation committee and he would be writing us, in his capacity as a member of that committee.

Q. Would his communication be in any way confidential?—A. Yes, it would.

Q. It would?—A. Yes, it would.

Mr. FLINTOFT: I do not like to make public the communication because I am not sure—Mr. Brown says it would be confidential, and I do not want to run any chance of violating that understanding,—but I will be very glad to take means to ascertain whether it can be made public, if Mr. Brown is not in a position to produce it.

The WITNESS: Well, I am not. I know that.

By Mr. Flintoft:

Q. It is on your records though, I suppose?—A. Yes. It probably would be a special letter, probably received from Mr. Innes, who is a member of the committee.

Q. It was a telegram?—A. It may have been a telegram.

Q. He was a member of the Committee?—A. Yes.

Mr. FLINTOFT: I think that is all.

The CHAIRMAN: Thank you very much, Mr. Brown.

Mr. SYMINGTON, K.C.: There are a couple of short witnesses here.

Witness discharged.

WILLIAM A. MACKAY, called, sworn and examined.

By the Chairman:

Q. Will you give us your full name, Mr. MacKay?—A. William A. MacKay.

[Mr. Stewart B. Brown.]

Q. Where do you come from?—A. Nova Scotia; Truro, Nova Scotia.

By Mr. Symington, K.C.:

Q. I understand you are Secretary of the Dairymen's Association of Nova Scotia?—A. Yes.

Q. Are you a member of the National Dairy Council?—A. Interested in the National Dairy Council of Canada.

Q. And you are particularly interested in dairy produce, butter?—A. Butter, in particular from our standpoint, as we are not manufacturing cheese in Nova Scotia, but cheese over the Dominion as a whole, but in my particular case it is more a question of butter.

Q. Now, just say what you want to say to the Committee. Nova Scotia, I believe, is becoming a small exporting Province, as regards butter now?—A. Yes, in this respect, just speaking generally, from the standpoint of Nova Scotia, what interests me particularly in coming up at the request of the Committee is, that Nova Scotia, at the present time, is increasing its amount of creamery butter to the extent that we will be exporting, during the present season, possibly 20 or 25 cars, not a great amount; but the main reason why we are more particularly interested in this is due to the fact that we have had, up to the present time, a consuming population which takes possibly as much butter as we had manufactured, and sometimes a little more. If we have a little surplus of butter, the market that can be established for the larger Provinces, that are now becoming a greater exporting medium, it would result in a better market for our products. I do not think I need go into that. I think that has all been touched on before, has it not, Mr. Symington, the increasing amount of butter being manufactured in the Dominion at the present time.

The CHAIRMAN: We had that, I think, Mr. MacKay.

The WITNESS: That shows this, that we are having an increased amount of butter to export, in Nova Scotia. We are having a little butter go over this year, but we are placed more or less under a handicap in the exporting of butter, and it is this, that our butter would have to come through the port of Montreal, and we are placed under the handicap of that rail haul coming this way, to start with, and with a heavy charge to get it across. That places us in a difficult position, and is a difficult situation for us to meet; in other words, as I have evidence here to show, to place a pound of butter from one of our Nova Scotia stations on the market in Montreal costs us, roughly speaking, 1 cent per pound, and I understand the ocean rate to export that butter would be about $1\frac{1}{2}$ cents per pound, so that it would cost us about $2\frac{1}{2}$ cents per pound to place a pound of Nova Scotia butter on the British market.

On the other side, I have evidence to show that New Zealand butter, according to the data I got of 1924, can come all the way from New Zealand through the English ports and be landed in Halifax at a cost of $1\frac{3}{4}$ cents, or three quarters of a cent per pound less than what we can land butter for on the English market. I am not prepared to say that this can be corrected or not, and I am not prepared to say that anything is radically wrong; I want simply to point out that if conditions can be made more favourable in this respect, that the probabilities are that we can increase production to a considerable extent in the Province of Nova Scotia, and that dairying will increase over the Dominion as a whole, so that a still greater amount of butter can be exported from year to year. We feel that the rates at the present time, as compared with rates previous to the war, are possibly not in accordance with the charges all over. Possibly the companies are prepared to show where they are justified, but as I understand it, Mr. Chairman, to-day it costs \$1.50 per hundred pounds from the port of Montreal, whereas in pre-war days it cost 65 cents per hundred

[Mr. William A. MacKay.]

and less. We feel that possibly some reduction could be made, or some effort made to lower these rates, which might not be so much in itself; but in my position, along with the members of the Association that I represent, we find that if they have full confidence that the traffic will be carried on, the farmers will have full confidence also that their products are to be put on the market in the most economical way, and possibly it will give them more enthusiasm to go ahead and produce more stuff, and while it may not be very great the results sometimes are much greater than might be anticipated.

These are just about all the statements that we have at the present time. Just to reiterate possibly what has been given here to some extent by members from the other parts of the Dominion, I wish to put a little special emphasis upon our own Province.

By Mr. Duff:

Q. With regard to the rate on butter from New Zealand to Halifax, will you make that a little bit clearer?—A. The rates from New Zealand to London, Liverpool, New York, Vancouver or Halifax are four shillings and sixpence per box of 56 pounds. At a rate of exchange at about \$4.40, this equals about one and three-quarter cents per pound.

By Hon. Mr. Stevens:

Q. With exchange at \$4.40?—A. Yes. These figures are dated a year ago. There is a little difference in the exchange to-day, I believe.

By Mr. Symington K.C.:

Q. You have to export via Montreal, the reason being that you have no refrigeration ships out of Halifax in these months?—A. I do not believe there are any refrigeration ships out of Halifax in the summer months, that carry any storage facilities. The next point is, suppose there were ships, butter requires to be well hardened before it goes aboard ship, and there is no provision in Halifax at the present time which will provide that facility; so that if butter were shipped out of Halifax under present conditions to the English market, it would not have a favourable chance of competing successfully with butter through the port of Montreal at the present time. That is a point that I would like to touch upon, but I do not know that it comes under the notice of this Committee.

By Mr. Black:

Q. There are cold storage facilities there; couldn't you use them? The North Atlantic Fisheries have any amount of cold storage facilities?—A. The North Atlantic Fisheries I do not think are in a position to cool butter very readily at the present time. It possibly could be provided now, if there was enough going.

Mr. KENNEDY: There is no cold storage warehouse in Halifax.

Mr. BLACK: No cold storage plants.

By Mr. Montgomery, K.C.:

Q. I understand you really never have had occasion to take up the export problem, from the present point of view; you have not had butter to ship to the United Kingdom?—A. We have not shipped anything out of Nova Scotia directly.

Q. Have you inquired whether the Furness-Withy Company were running refrigerated steamers from Halifax during the summer months?—A. No, I have not inquired.

Q. My instructions are that they are?

Mr. KENNEDY: In cargo?

Mr. MONTGOMERY, K.C.: No, because none has been called for.

[Mr. William A. MacKay.]

By Mr. Montgomery, K.C.:

Q. My instructions are that the Cunard Company have several steamers there?—A. I have never heard of them calling there during the summer months.

Q. I am also informed that there is no demand for refrigerator space there, during the summer months?

Mr. DUFF: I think it is on account of them having no refrigeration on the dock. I think the witness can explain that.

By Mr. Duff:

Q. Is that correct, is that right; as I understand it, if boats were there, there are no proper facilities for putting butter on the boats?—A. It would stand a chance with the butter coming up through the port of Montreal.

By Mr. Montgomery, K.C.:

Q. I understand there is not a sufficient demand for export from Halifax to induce either the Government or private enterprise to put in cold storage warehouses for that purpose at Halifax?—A. Probably that is correct.

Mr. BLACK: I do not want to contradict the witness, but I can assure him that there are cold storage facilities there provided by the North Atlantic Fishing Company. They have ample cold storage facilities for anybody who wants to ship from Halifax.

The CHAIRMAN: Mr. Black, can they put butter in cold storage that has carried fish?

Mr. BLACK: With fish? No.

The CHAIRMAN: But within any compartments that have previously had fish?

Mr. BLACK: All their compartments have not had fish. There are no fish stored there. It is not for the storage of fish at all, it is for the storage of general merchandise, farm products.

Mr. MONTGOMERY, K.C.: In any event, I do not know that we can be held responsible for the absence of cold storage docks at Halifax.

The CHAIRMAN: No. We are very much obliged to you, Mr. McKay.

The witness retired.

Mr. SYMINGTON, K.C.: Before going on with the next witness, Mr. Chairman, Mr. Brown has asked me to correct a figure in Exhibit 80, a percentage error which has been pointed out.

The CHAIRMAN: Certainly; he can give his evidence from where he is. What is it?

Mr. SYMINGTON, K.C.: It is simply to correct a percentage on Timothy from 170 to 106, on page 4 of the schedule.

HOWARD B. CLEMES, called and sworn.

By the Chairman:

Q. Where do you come from, Mr. Clemes?—A. Toronto.

Q.: What do you do?—A. I am General Manager of the United Farmers Co-operative Company.

By Mr. Symington, K.C.:

Q. Mr. Clemes, before becoming General Manager of the United Farmers Co-operative Company, you occupied what positions?—A. I have been connected with Flavelle's, Limited, and with Gunns' Limited.

[Mr. William A. MacKay.]

Q. You have been in the produce business?—A. I have been in the produce business a great many years.

Q. How many years?—A. About thirty years.

Q. I understand your main commodity for export is eggs?—A. Yes, sir.

Q. In respect of this Committee?—A. Yes.

Q. Have you the rate you paid on eggs pre-war?—A. Yes, sir.

Q. What was it?—A. We paid 15 shillings for 40 cubic feet, from about 1909 to 1914; that would equal about 9 cents per cubic foot.

Q. And what would that be per dozen eggs, about?—A. There are two and a half cubic feet to a case of eggs, 30 dozen to a case; that is about 27 or 30 cents, I think. 9 cents per cubic foot, and there are two and a half cubic feet to a case; it would be about 24 cents for 30 dozen, about three-quarters of a cent per dozen.

Q. What is the present rate, your 1924 rate?—A. The 1924 rate is 35 cents per cubic foot.

Q. How does that work out?—A. That works out close to 3 cents a dozen.

Q. Do you say to this Committee that the rate from 1909 to 1914 was 9 cents per cubic foot?—A. Yes, sir.

Q. As opposed to the 1924 rate or the 1925 rate of 35 cents?—A. Yes.

Q. Are those exactly the same rates, or is there any difference in conditions?—A. Not that I know of.

By the Chairman:

Q. Are they both refrigeration, or ordinary stowage?—A. Cooled air. Usually they are stored in the fore part of the boat's storage.

By Hon. Mr. Stevens:

Q. How much per dozen did you say, Mr. Clemes?—A. Three quarters of a cent, as against close to three cents; not quite, but that is pretty close to it.

By Mr. Symington, K.C.:

Q. What was the value of eggs, generally speaking, pre-war?—A. I have the values here, Mr. Symington.

Q. Will you give them to us?—A. I have the details here for May 14th.

Q. Do you mean of 1914?—A. For every year since 1910.

Q. Give us the figures, please?—A. In 1910 the value was 19 cents; in 1911 it was 17½ cents; in 1912 it was 21½ cents; in 1913 it was 19 cents, and in 1914 it was 20 cents.

By the Chairman:

Q. Are these prices on a special day in May?—A. Yes; I happened to take one day in May; I have some September ones too.

By Mr. Symington, K.C.:

Q. Now take 1924 or 1925, whichever you like?—A. In 1924 it was 26 to 28 cents. This was Firsts and graded Firsts delivered Toronto.

Q. And are those export eggs?—A. No. May eggs are eggs that would go into storage and are carried over four or five months and then graded out.

Q. Are you giving the prices with respect to the ocean rates?—A. They are comparative prices. Comparative values.

By the Chairman:

Q. Are these the sort of eggs that are shipped overseas?—A. No. I think that these are the eggs that are shipped overseas, but they have to be graded and candled. We would probably add two cents for storage charge; a cent for candling; and say another cent; say five cents to the 20 cent price and five

[Mr. Howard B. Clemes.]

cents to the 26 cent price; it costs about the same to do the work. We might increase these prices five cents and make an export egg of it.

By Mr. Symington, K.C.:

Q. I understand your company exports for the farmers?—A. Yes.

Q. You are not the owners, you export for them on a co-operative basis?—A. We export for them.

Q. What is your competition in the English market?—A. The main competition on Canadian eggs is Danish and Irish eggs.

By Hon. Mr. Sinclair:

Q. Storage stock?—A. Storage stock. A Danish pickled egg and an Irish storage egg comes into competition with ours.

By Mr. Symington, K.C.:

Q. You are in competition with the Danish pickled and the Irish stored?—A. Yes.

Q. What is the price of the Danish pickled and Irish stored eggs in London?—A. To-day they are quoted about 16 —per ten dozen, 120 eggs. That is about 38 cents delivered C.I.F.

Q. C.I.F., United Kingdom.—A. Yes sir.

Q. What are your eggs going into storage here now?—A. Our eggs, going into storage here, first about 34 to 35 cents.

Q. Is it your problem to get into the United Kingdom market on these prices you have given us, a 34 cent egg, to meet a 38 cent competition?—A. Yes sir.

By Hon. Mr. Sinclair:

Q. You are not shipping now?—A. No, not until the fall. I have got to add about five cents.

By Mr. Symington, K.C.:

Q. You have to add some charges to the 34 cents?—A. No, that is eggs into storage. I beg pardon, there would be the storage charge and candling out, but that is a graded egg. The prices I gave you first were market prices, daily market quotations.

Q. So that on a pre-war basis of three fourths of a cent a dozen—which I understood you to say was the ocean rate?—A. Yes.

Q. And it is now three cents?—A. Yes.

Q. And you have got to get a 34 cent egg on to-day's prices over there at 38 cents to compete?—A. On to-day's prices we would, yes sir.

Q. Is there a considerable volume of exports from Canada to Great Britain?—A. Yes, there is.

Q. Have you the figures?—A. I have the figures, yes sir. Last year's figures, 1924, were 2,543,510 dozen.

Q. It seems to have declined a good deal?—A. It has declined lately, yes.

Q. Declined from six?—A. In 1920 it was five million. In 1921, six million. In 1922, it was four, in 1923 it was three, and in 1924 it was two and a half million.

Q. The export of eggs to Great Britain from Canada is declining then?—A. Well, yes, it is declining.

Q. And how about the imports to Great Britain, are they declining?—A. I don't know the imports. I could get them, I suppose.

Q. What are these figures you gave me?—A. I gave you the imports for three years.

Q. For 1922, '23 and '24.—A. Yes. 203 million, that is the total imports into Great Britain. Dozens.

Q. So the imports have increased?—A. Slightly.

[Mr. Howard B. Clemes.]

Q. The imports have increased, you say slightly, from '22 to '24. But not very slightly, 70 millions.—A. From 1922 it is 70, yes, but 1923 is about the same. I could not get the earlier years.

Q. But the Canadian exports are apparently declining?—A. A little, yes sir.

By Hon. Mr. Stevens:

Q. Those Irish imports include fresh eggs.—A. I would think everything would be in the total.

Hon. Mr. STEVENS: I have seen them unloading, and I think they include them

By Mr. Symington, K.C.:

Q. You do not attempt to compete in fresh eggs over there?—A. No, our competition in the fall is chiefly against the Danish pickled egg and the Irish storage egg, because it is the storage egg we send over. We do send a few fresh over, Mr. Symington, what is called a harvest egg, in September. That we get a little extra price for.

Q. Have you anything to show from your Association with respect to cattle. Do you export cattle?—A. Yes sir. That is, we don't export cattle, no, but we sometimes buy cattle. We sell cattle for the farmers in there and we sell to the brokers who export.

Q. You sell to the exporters in Toronto, for your clients?—A. Yes.

Q. Have you anything to say about the cattle situation?—A. Well, I don't know anything about the rates, Mr Symington, but I do know that there is a great quantity of cattle being held in the Toronto yard at the present time because they cannot get boats. That is the situation and it is oppressing the trade in the Toronto market. I noticed in this morning's paper there was about 3,000 cattle carried over in the Toronto market, and I would say a thousand of those were export cattle that cannot move on account of boats. Not rates. I want to make that clear.

Q. You do not handle the cattle yourself?—A. No, I don't, only as general manager.

By Mr. Montgomery, K.C.:

Q. Do you think it would be wise then to do anything to discourage the installation of cattle fittings on the boats?—A. Well, we would like to see more space. We would like to see the cattle move when they are ready.

Q. And how would you expect to get that by forcing a reduction in rates?—A. Well, the price over there is pretty high now and they can afford to pay a pretty good price for these cattle. That is just an exceptional condition at the present time.

Q. As far as you know the subject, would you think there is any complaint about the \$20 cattle rate?—A. I don't know about the rates. I would like boats to put them in and consequently I guess I would not complain about the rate.

Q. Really the principal thing—A. Is space at the moment.

Q. The principal thing is to do something, whether it be by an adjustment of rates or otherwise, to induce the carriers to provide more cattle space?—A. Yes, sir.

Q. That is really the principal problem at the present time?—A. As far as cattle is concerned, yes.

Q. Now on the subject of eggs. We import from the United States considerably more eggs than we export do we not?—A. I had the imports here a few minutes ago. I did not know I was to get these. I will give you rough figures. The imports for 1924 were six million, against two million exports.

Q. As a matter of fact a great deal of the export eggs going across are American eggs are they not?—A. I would not think these figures include Amer-

[Mr. Howard B. Clames.]

ican. The figures I gave you were Canadian eggs. There is a good many American eggs go across.

Q. Can you give a comparison of our imports from the United States as compared with exports to the United Kingdom?—A. 1924. I will give you exports first and then imports. 2,543,510. Imports, 6,454,313.

Q. So we imported nearly three times as many as we exported?—A. In 1924, yes. I cannot give you the imports for 1910, '11 or '12, or those earlier years.

Q. Never mind those. That being the case, we evidently have a considerable domestic market here, have we not?—A. I don't think we have a domestic market for all our eggs. We have not had because we have exported these Canadian eggs.

Q. But we have imported American eggs?—A. Well, the Canadian egg is a better egg than the American. We get more money for it.

Q. Can you give us any explanation as to why the price is so much higher to-day in Canada than it was and why the exports have fallen off?—A. Well, if I answered that question, I would say that our farmer organizations have helped the price of eggs; our pool has helped the price of eggs, yes, sir.

By Mr. Black:

Q. A combine?—A. No, no combine. Just doing the same business as the packers do. Just doing it for the farmer.

By Hon. Mr. Sinclair:

Q. Why have the exports fallen off? Mr. Montgomery asked you that.—A. Why have the exports fallen off? That is rather difficult. I would think, answering it in this way, that probably the production over in the other countries is beginning to be greater. There is not only the Danish eggs and Irish eggs, that is what we really compete with in price, but we get these Russian eggs. There will be more Russian eggs and Egyptian eggs. A cheaper grade coming in on our market.

Q. You think that is the reason the Canadian exports have fallen down?—A. I think that is one of the reasons.

Q. Is not a greater reason that our people at home are eating more eggs?—A. Well, I hope so. We are going to try and teach them to eat more eggs here.

Q. It is a fact, is it not?—A. I have not got the receipts, the production for those years. If I had that I could tell you.

Q. The consumption has increased from 16 dozen per capita, to the present 26 per capita.—A. That will be the other reason then.

Mr. MONTGOMERY, K.C.: Increased from 16 to 26.

Mr. FLINTOFF: They will be asking for a rate westbound on eggs.

The WITNESS: We had a rate westbound some years ago. A rate on eggs and a lot of them were exported there.

By Mr. Montgomery, K.C.:

Q. My friend's question suggested that you were shipping at once the eggs you were purchasing at to-day's prices and comparing to-day's prices in England with that price. As a matter of fact, the eggs you purchase at 34 and 35 cents, you hold for high prices in the fall?—A. Well, those eggs will cost us, ready for export, about five cents a dozen in advance of that. We would not export those eggs until the fall.

Q. And then you hope at least to get the usual higher market for eggs in the fall?—A. Yes, we may have to compete against a little higher price there.

Q. So you are not comparing that price with the price of to-day in the United Kingdom?—A. Well, you cannot compare one against the other.

Q. Now, we have had a resolution tabled in the Committee, and I would like to know whether you would agree with the views that have been expressed

[Mr. Howard B. Clemes.]

in that. It is from the Montreal Produce Merchants' Association, whose office is in the Board of Trade. It is dated the 17th April, 1925.

"Whereas the season for the exportation of a large percentage of eggs from Montreal is confined to about eight weeks each year, from approximately the 1st October to the close of navigation:

Whereas the customary export contract stipulates weekly shipment:

Whereas it is necessary to compete in the markets of the United Kingdom with some fifteen different countries:

Whereas the utilization of fast boats, with frequent sailings, is a fundamental necessity to preserve a perishable commodity carried in ordinary stowage, as well as to meet the aforementioned competition:

Be it therefore resolved that the subsidization of steamships would not be of any benefit in the exportation of eggs unless such steamships were on a parity as regards space, speed, and service with the best liners sailing from the port of Montreal, and:

Further resolved that in the event of any subsidy being paid, the export egg trade would be more benefited by the payment of such subsidy, computed on the tonnage carried, to all those steamships engaged in the carrying of this commodity."

A. I don't know that I would like to give an expression of opinion on that. That is a rather difficult question to answer. I cannot answer that, Mr. Chairman. I would not like to say yes or no to that, Mr. Montgomery.

Q. You have had to do with the meetings of the Conference Committee from time to time, of the Liner Committees?—A. Yes, sir.

Q. Have you any radical objection to that method of dealing with rates?—

A. No, sir, I do not think I have, if I can win out.

Q. Compare that with a system such as the open rate system, where the lines are in competition with one another, and you have to go around from line to line each time to find out what rate you can get, which, from your point of view, is the preferable system?—A. I would prefer the stated rate, because we sell futures, if that is what you mean.

Q. Then your complaint is not against the Conference system in any way?—A. My complaint is that we did pay nine cents and we now pay 35 cents.

Q. You have told us that, but all that I wanted to get, Mr. Clemes, is that you want a stabilized rate?—A. Yes. I am speaking personally, but I would prefer stability of rates, because of selling futures.

Q. And would you prefer that all lines should be the same at a given time?—A. Yes, I think I would.

By the Chairman:

Q. You would like to have stability at a somewhat lower level?—A. That is right; that is the big question.

Mr. MONTGOMERY, K.C.: I am sure we all would.

By Mr. Montgomery, K.C.:

Q. I understand that your committee, or the Egg Committee, met with the Conference or the Canadian Liner Committee in June, 1924?—A. Not that I know of, Mr. Montgomery. I was not there, anyway.

Q. I see in the Canadian Liner Committee minutes of June 1924, filed as Exhibit 12, E, the following entry:—

"Eggs.—Reference was made to meeting held in the Committee Room of the Board of Trade with representatives of the Canadian Produce Association, Mr. Clinton Henderson presiding."

Who is Mr. Clinton Henderson?—A. A Montreal man. It must be a Montreal committee, I suppose.

[Mr. Howard B. Clemes.]

Q. Is he an egg man?—A. He is a broker there; he ships eggs, yes.

Q. "Careful consideration was given to the representations of the shippers asking for reduction in the present rate on eggs, viz: 35 cents per cubic foot. It was pointed out that the rate in itself was not considered unreasonable on the statement of shippers that the cost of eggs laid down in British ports was 38/39 cents per dozen, while the ocean freight included in same only amounts to less than three cents per dozen. The reduction asked for, viz. 10 cents per cubic foot, would amount to a fraction of a cent per dozen, and it was not thought by the Canadian lines that this could have any material effect on the marketing of the eggs in Britain. On the other hand, the Canadian lines are confronted with increased operating costs. Recent increases had to be granted for stevedoring on both sides of the Atlantic and the lines are now called upon to pay heavier wages to the crews, which will amount to hundreds of thousands of dollars to each line during the coming year. With these increased costs the liner services are now being maintained at a heavy sacrifice to the steamship owners, and they cannot afford to make any reduction in the rate".

You say you were personally not present at that meeting?—A. I was not present at that meeting, no sir.

Q. I see it is apparently a meeting held with the produce people in reference to eggs, in the Committee Room of the Board of Trade in Montreal.—A. I would gather that was some Montreal exporters themselves. I think I would have heard of it if some of the western men had been down.

Q. Have you any particular complaints about the service which has been given to you by the liners?—A. No sir, I have not.

Q. Do you export directly or do you ship to Montreal for resale to exporters?—A. We ship to Montreal and ship direct to importers there.

Q. I did not put my question very clearly, but I wondered whether you exported directly or whether you sold to exporters, say at Montreal.—A. No, we ship direct to importers in the Old Country, in Great Britain, deal direct with the Great Britain houses.

Q. Have you made any complaints, any recent complaints, to the steamship companies about rates?—A. No sir.

Q. You are living with the present rates?—A. Having faith.

The CHAIRMAN: Have we any further questions to ask the witness?

By Mr. Kennedy (Glengarry):

Q. In reply to a question put by Mr. Montgomery in respect to the cattle end of your business, you stated that the big question at the present time with that business was the question of space, not of rates?—A. I said I was not familiar with the rates, Mr. Kennedy; I am familiar with the carry-over that is at the yards, and I could not say anything about the rates. I do not know whether there is any difficulty about the rates or not.

Q. You said the big question was that of space?—A. Yes, to get space for the cattle being held in the Toronto yards.

Q. Is that usual, or is it only temporary?—A. I often hear complaints of that sort, but I think it is more so at the present time.

Q. The reason I ask you is that the steamship companies have given evidence here to the effect that in the last couple of years many of their boats have gone practically half-loaded with cattle; a boat that could carry 400 would have 200 or less, or sometimes more.—A. I could not answer that, really; I could not dispute that, because I do not know.

Q. It is not a usual condition with you?—A. No, I do not think it is a usual condition, but it often happens.

The CHAIRMAN: Are there any further questions? I am sure we are very much obliged to Mr. Clemes, and I will tender him the thanks of the committee and discharge him.

The witness retired.

The CHAIRMAN: Now, gentlemen, it is five minutes to six, and it is hardly worth while starting another witness. Perhaps we had better decide about to-morrow.

Discussion followed.

Mr. FLINTOFT: Mr. Chairman, while the other Counsel are discussing matters between them, there were just two or three questions I wished to ask Mr. Brown, as he will not be here another sitting, and I would ask permission to recall him.

The CHAIRMAN: Certainly; we will usefully employ our time. Will Mr. Brown resume the witness stand for a moment?

STEWART BENJAMIN BROWN recalled.

By Mr. Flintoft:

Q. Mr. Brown, you have had no particular complaint, as far as your Association is concerned, as to the nature of the consideration given to any representations which you have made to the steamship lines?—A. You mean as to any individual complaints?

Q. Or general?—A. I might say—

Q. I mean, you may not have agreed in the result, but you have had no complaint as to undue consideration being given, or the steamship lines declining to consider representations?—A. No, they have never declined to consider representations, and we try to work directly with the steamship companies and railway companies on all transportation matters, to the last degree. If we cannot get results there, we go elsewhere.

Q. As a matter of fact, your Association is very similar to that of the steamship companies, is it not?

The CHAIRMAN: That is a very dangerous question to ask this young man.

The WITNESS: I do not know that I want to say that. If you mean have we anything to do with prices, I will say right now we have not anything to do with that at all.

By the Chairman:

Q. You are not in conference on prices?—A. Absolutely not.

By Mr. Flintoft:

Q. You seek to advance the interests of the trade?—A. Absolutely.

By the Chairman:

Q. But you do not seek to eliminate competition between your members?—A. We have nothing to do with that at all.

By Mr. Flintoft:

Q. And as far as you are concerned, you would not wish to see any action taken which would result in the steamship companies carrying on business at a loss?—A. If the result would be an impairment of the service, absolutely not.

Q. But as a matter of principle, you do not believe in anybody carrying on business at a loss, do you?—A. I do not think they should, no.

The CHAIRMAN: Have you any more questions to ask Mr. Brown?

[Mr. Stewart B. Brown.]

By Mr. Flintoft:

Q. Mr. Brown, I suppose you would recognize that if a certain part of the traffic—if it was impossible to increase the rates on certain portions of the traffic and it was necessary to make up increases in operating expenses, the other classes of traffic would have to bear the burden?

Mr. SYMINGTON, K.C.: Is this question put to the witness as an expert?

Mr. FLINTOFT: Yes, he is a traffic expert.

The WITNESS: No, I am not a traffic expert at all.

By Mr. Flintoft:

Q. You have given evidence as a traffic expert on many occasions?—A. No, I must differ with you there. You know very well, as Mr. Lanigan would say, there is no such thing.

Q. I know there is some objection to the term; it is perhaps an invidious one. Now, Mr. Brown, as a matter of fact it has been shown here that the grain and flour rates are practically what they were pre-war, and it is impossible to increase them. If that is the case, I suppose you would not quarrel with the slack being taken up in some other direction? Is it not inevitable that the other classes of traffic must bear that?—A. The steamship companies, if they feel that it is necessary, of course, do that, but naturally, if we had any complaints as to any particular rate on a commodity that was in that class that you raise, we would endeavour to get it down.

Q. Oh, certainly; you would get it down; you have got it down on many occasions?—A. Yes, we have succeeded.

Q. Where the rate has been unfair on any particular commodity, the steamship companies have given it fair consideration, and if they felt it was justified, they would reduce the rate?—A. There are some cases where we do not agree with that particular point, but I may say we have cases where we have received a reduction to practically the amount we asked for, and certain business has developed from that, proving we were right in our proposal.

Q. You are continually having communications with the steamship companies along these lines?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Is it true that a reduction of rates does develop business?—A. We have had certain cases which we have submitted to the steamship companies, where that has been proven to be the case.

The CHAIRMAN: Now, if we have finished with the witness, we will thank him again for his evidence. I would like to have everybody decide when we shall meet again.

The witness retired.

Discussion followed.

The Committee adjourned until Friday morning, May 22nd, 1925, at 11.00 o'clock a.m.

Special Committee appointed to consider the'

Resolution

to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 20—Friday, May 22, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. David Hosie, Director, Donaldson Brothers Limited, Glasgow, Scotland (*Concluded*).

Mr. Gordon Wallace Scott, Chartered Accountant, Montreal.

Mr. Walter Maughan, Steamship Passenger Traffic Manager, Canadian Pacific Railway, Montreal.

Mr. William T. R. Preston, Gentleman, Ottawa (*Continued*).

EXHIBITS

No. 83—Letter from the Treasurer, Anglo-Canadian Leather Co., Ltd., Montreal, giving the value of leather (per pound) exported for the years 1912, 1913, 1914 and 1924 (read into evidence).

OTTAWA

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM, No. 277,

FRIDAY, May 22, 1925.

The Committee met at 11 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—12.

A letter received from the Treasurer, Anglo-Canadian Leather Co., Ltd., Montreal, giving the value of leather, per pound, exported for the years 1912, 1913, 1914 and 1924, was ordered to be filed as Exhibit No. 83.

Mr. David Hosie, Director, Donaldson Brothers, Limited, Glasgow, Scotland, who was in attendance, was called, sworn, examined and retired.

Mr. Gordon Wallace Scott, Chartered Accountant, Montreal, who was in attendance, was called, sworn, examined and retired.

Mr. Walter Maughan, Steamship Passenger Traffic Manager, Canadian Pacific Railway, Montreal, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 1 o'clock p.m. to meet again at 3 o'clock p.m. this day.

The Committee reassembled at 3 o'clock p.m. the Chairman, Mr. McMaster, presiding and with all the Members of the Committee who attended the morning session present.

Mr. Walter Maughan, who was again in attendance, was further examined and was discharged from further attendance.

Mr. W. T. R. Preston, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.45 o'clock p.m. to meet again at 3.30 o'clock p.m. on Tuesday, May 26, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, May 22, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. I received from Mr. Alexander, a letter in which he sent me copies of his invoices for the years 1912, 1914, 1915, 1919, 1920, 1923 and 1924.

(The letter read).

Mr. MONTGOMERY, K.C.: I think inasmuch as the letter from Mr. Alexander has been read, the one from Mr. Preston to Mr. Alexander should also be read.

(The letter read).

The CHAIRMAN: We will extend neither of these letters in the record. They are just there for the information of the Committee. There is a letter from Herbert T. Shaw, Treasurer, Anglo Canadian Leather Company, furnishing supplementay evidence of the value of leather exported, which will be filed as Exhibit No. 83. There is nothing confidential about it. It reads as follows:—

“Montreal, Que.,
May 21, 1925.

ANDREW McMASTER, Esq.,

Chairman House Committee on Ocean Rates, Ottawa.

DEAR SIR,—As requested, I give below the value of our leather carried by the Atlantic lines at various periods. Value is cents per pound f.o.b. Montreal: to find value in British port, add the freights for the years in question.

Figures prior to 1911 are not given, only for the reason that they are not quickly available. We could compile them if they were of any value.

12 months ending June 30, 1912,	21.8 cents per pound.
12 “ 30, 1913,	26.6 “
12 “ 30, 1914,	26.1 “
12 “ 30, 1924,	25.4 “
6 “ Dec. 31, 1924,	23.9 “

Yours truly,

(Sgd.) HERBERT T. SHAW,

Treasurer, Anglo Canadian Leather Co., Limited.”

Now, who is the next witness?

Mr. MONTGOMERY, K.C.: I would like to get through with Mr. Hosie, if we can. Mr. Marlow will be ready in a few minutes. He is waiting for the boy, with the figures.

DAVID HOSIE recalled.

By the Chairman:

Q. You have already been sworn?—A. Yes.

The CHAIRMAN: Who is going to examine Mr. Hosie, Mr. Symington?

Mr. SYMINGTON, K.C.: Mr. Chairman, in view of the evidence that has been given by the others on these questions, the auditor tells me there is really no object in pursuing the matter further. He has not got the information he requires to make the comparisons, and I think it is a waste of time. If Mr. Hosie wants to make any reply to the questions which were put to the other witnesses, the answers to which the Committee has heard from the two accountants, it seems to me he can do so, without wasting the time of the Committee; he can give his answers to the auditor. I do not like to stand up here and continue putting these questions. I do not think it will do the Committee any good. They have been gone over twice already.

The CHAIRMAN: Is it understood clearly that Mr. Hosie will leave these accounts? He wants to have them typewritten, I understand, and as soon as they are typewritten he will hand the answers to Mr. Scott.

By Mr. Symington, K.C.:

Q. Is the stock of the Anchor or the Anchor-Donaldson quoted?—A. No, both are private limited companies. There is no public quotation.

Sir HENRY DRAYTON: You could not get it there, but there are lots you can get.

Mr. SYMINGTON, K.C.: Furness-Whitby, I understand, is a public company, but all their subsidiaries are private.

Sir HENRY DRAYTON: There is the International Mercantile Marine.

Mr. MONTGOMERY, K.C.: I think that has been put in.

Sir HENRY DRAYTON: In the first instance, you were asked to produce the annual statement for the years 1923 and 1924, but I was now asking the question as to evidence of the stock, and the sales of stock if any that have taken place, whether at a premium or a discount.

Mr. MONTGOMERY, K.C.: I think all that was filed with the balance sheets for the years asked for; one of the last questions on the original questionnaire.

GORDON WALLACE SCOTT Called and sworn.

By the Chairman:

Q. Your name, sir?—A. Full name: Gordon Wallace Scott.

Q. You are a chartered accountant?—A. Yes, sir.

Q. And you come from Montreal?—A. Yes.

Q. You have been practising your profession for how long?—A. A great number of years; fifteen or eighteen years.

Q. Now Mr. Scott, I wish you to tell us just how far your investigation has proceeded into the accounts which have been submitted to you, and what, if any, further information you feel you should have in order to present the most helpful summary or abstracts which you can for this Committee?—A. I started out with this objection in mind: I wanted to treat those accounts on the basis that I was going to purchase one of these lines and arrive at the profit I would expect as a return on any capital I was going to invest in it. I ran against this difficulty: I found that there were managing companies in some lines, and that the classifications were different in other lines, and when I put them together I could not get a true picture of the situation without knowing

[Mr. David Hosie.]

the details of the individual items. Then there were two or three of these companies gave me balance sheets, and the items were amalgamated and bulked in these balance sheets in such a way that I could not tell what the details were. That has been my main difficulty. Another difficulty I had was when I came to compare the ratio of expense to income, from one company to another, they would fluctuate; taking the management charges, they fluctuated anywhere from three per cent to sixteen per cent. I have not been able to get an explanation that has been satisfactory to my own mind, with the exception of the case of the C.P.R. where I had full access to anything I wanted and I had two of our chartered accountants testing their voyage accounts, and I have nothing to complain of the information there.

Q. You might indicate just what you have to submit for us.—A. I will have to submit to you the combined freight receipts on cargo boats, less the total expenses on cargo boats, showing the profit or loss for the years 1923 and 1924. I have also taken the passenger-cargo boats and I have shown the total freight receipts, the total passenger receipts, the total mail and other receipts, less the total expenses of operating a passenger cargo boat.

I have also endeavoured to draw up a statement, using those same receipts, and taking all the expenses of handling freight or handling passengers where it was indicated as such, and apportioning the balance on the basis of the freight receipts; which I am not satisfied is the best way of doing it. There are numerous other ways of handling it, but that is one way of trying to arrive at it.

By Sir Henry Drayton:

Q. Just at that point, how do you pro-rate the expenses? There are certain common expenses, how do you pro-rate them?—A. What I have done, Sir Henry, is simply, I have taken the total freight receipts and applied the ratio they bear to the total passenger receipts in the hope that that will give you some kind of picture. I am not satisfied that that cannot be attacked.

Q. Your ratio depends on the ratio fixed between the different earnings in each activity and the general result?—A. Yes.

Q. Which might mean something or nothing?—A. That is quite so. For instance if I were able to classify each expense—if I knew when I was putting down "Management and sundries" that every item contained in those figures was under the same heading, then I would feel satisfied that it was a perfect comparison.

By Mr. Symington, K.C.:

Q. To explain that; as I understand it, you have not taken the total expenses of those boats and apportioned them in that way; you have been able to apportion certain straight expenses.—A. That is where they were indicated. But in some of these passenger-cargo boats, the statement we got from the other side did not indicate anything of that kind. If it was not indicated, I could not use it.

Sir HENRY DRAYTON: It would not be very valuable anyway, because there is a lot that cannot be indicated.

Mr. SYMINGTON, K.C.: Quite so; there is a balance over.

By Hon. Mr. Stevens:

Q. How would you distribute the fuel accounts in the passenger and cargo boats?—A. I don't know.

Q. It cannot be done?—A. I would not say it cannot be done. I would say this, it can be done, but I do not know of any way that some person could not argue that there is some flaw in it.

Q. What I am coming to is this: we will assume that because it is a passenger and mail boat, it must arrive on the other side on a given date; that would require its maintaining a given speed, because of the existence of passenger and mail, and not because of cargo.—A. Quite so.

Q. If it make a speed of say two knots above its normal speed, in order to keep its schedule, that would mean the consumption of a tremendously increased quantity of coal?—A. That is true.

Q. You could not charge up therefore a division of that against the freight?—A. That is perfectly true.

Q. The point is that the existence of passenger and mail business would make it virtually impossible to distribute the cost of fuel fairly as between freight and passenger traffic.—A. I thought of two methods, and then I discarded them because I could find flaws in them. First of all I thought one might take a passenger-cargo boat as being primarily for passenger service, and if that be the case the cargo carrying part of it is a sort of by-product and could be treated as such. There were objections to that, because the shipper probably gets some advantage by the speed of the boat and I could see very well that my position would not be very comfortable if I wanted to take a definite stand on that.

Then again, I thought of taking the average cost of carrying cargo in all these cargo boats, and applying that as the cost of carrying cargo on a passenger-cargo boat, but as I could not get the cost, they did not know the tonnage or cubic measurement, or any common factor, I had to discard that.

By Mr. Montgomery, K.C.:

Q. That would be rather unfair because if you took that cost and applied it to an express boat, it is to a different class of cargo.—A. With this exception, that I think it is pretty well proven Mr. Montgomery, that the better class of cargo, the better paying cargo, is on these passenger-cargo boats.

Mr. DUFF: You would have to let every ship sit on its own bottom.

The WITNESS: To get anything that is beyond any attack at all seems almost impossible.

Hon. Mr. STEVENS: Well, Mr. Chairman, having regard to this statement by Mr. Scott, is not our chief desire to secure the costs of handling freight by these lines, by these freight cargo boats, from Canada to the United Kingdom and continental ports, and to weigh the said costs as against the freights charged? That is, our business is to determine, as far as we are able to, whether or not a fair rate is being charged. I do not think a hypothetical division, shall I say, or estimate of the earnings on freight in a joint passenger and freight vessel is really of any very great importance.

Mr. DUFF: No.

Hon. Mr. STEVENS: What we want to know is the one thing, are these freight liners in their business charging too high rates? The tramp vessel we always have. It might be all right to have Mr. Scott's comparison of them, but that would be too long an investigation to follow up. If we can get particulars regarding the liner cargo boats, it seems to me that that is about all we want for the purposes of this Committee, and I would like to suggest this, that Mr. Scott, as our accountant and adviser, should consult along that line, because we have not really investigated the passenger business here; we have not asked for witnesses and evidence regarding passenger traffic.

The WITNESS: It was not a question of getting at the passenger traffic. It was rather a summarizing of the accounts in these companies, the difference between eastbound and westbound traffic.

[Mr. Gordon Wallace Scott.]

Hon. Mr. STEVENS: I was going to add to that a suggestion as to where the division should be.

The WITNESS: I think 50 per cent of it has been indicated, that is, on passenger cargo boats, and you can draw your own conclusions when you see the division.

By the Chairman:

Q. Well now, Mr. Scott, will you intimate to us what other lines of investigation you would like to make, had you the necessary information available, that you think would be of value to you?—A. I would like to have information definitely of the loading, if any, in the expense account of any of these lines that have been handed to me. As an example, without disclosing a name, I find what they call an Establishment charge, which is increased from I think it was 5 per cent up to 14 per cent in one year, amounting to a difference of nearly half a million dollars, and no explanation for it. I cannot give an explanation of it. A thing like that places a chap on his guard. I do not know whether it is right or whether it is wrong.

By Mr. Duff:

Q. What did you say, Mr. Scott; we could not hear you?—A. I said there was an increase in what they called an Establishment charge which, if you had it figured out in dollars, would approximate half a million dollars from one year to another; in other words it looked as if when 1923 was a seemingly unprofitable year they did not charge so high an Establishment charge, while the following year, which seemed to be a better year, they put on a higher charge. This line has all kinds of other services, and it may be perfectly all right; I am not prepared to say whether it is correct or not, without having some knowledge of what it contains. These are some of the figures I am up against.

By Sir Henry Drayton:

Q. Is that shown in the voyage account?—A. No. On this particular line I did not get voyage accounts; all I got was simply a statement of the result of the voyage accounts.

Q. If you had the voyage accounts, which were not prepared for the purposes of this investigation, don't you think for our purposes that they would be sufficient to go ahead on?—A. Yes, sir Henry (Drayton) provided we knew. You probably will agree with me on this, that if I am operating a colliery, managing a firm, or something like that, say a brokerage firm—I am not saying that this does exist—but in some of these cases the percentage has placed me upon my guard. It is not an unreasonable thing to find out whether these are legitimate charges or not. The object of the questionnaire all the way through was that if I could get a statement signed by these gentlemen, showing that these things did not exist, I would file their answer with my report, and say that, based upon their signatures, this is my result.

Q. But in the ordinary charges do you find any extraordinary items?—A. I find extraordinary variations.

Q. Do you find differences in items?—A. Yes. The differences show up in three different ways; they show up on the percentage to income; that might be criticised; then it shows a difference in the voyage itself.

Q. Do you know the details?—A. I do not know the details. If I knew the details, I would know whether there was a difference or not. They fluctuate very much.

Q. But have you run across anything which would justify the thought that these people were trying to deceive themselves as to the result of their voyages? It may be that their system of bookkeeping is wrong; but have you run into

[Mr. Gordon Wallace Scott.]

anything which would indicate to you that these people were fooling themselves by putting in improper voyage accounts for their own purposes?—A. You mean, have I anything definite that would make me say to this Committee that I thought these accounts were false. I have not; I have never suggested that, not for one moment.

Q. Would it be safe to say that for our own purposes we would take these voyage accounts, get the results and see whether those results jibe with the statement; if you cannot do that within a dollar here or there, you can tell us whether there was a success or a failure by putting the whole of the voyage accounts together?

By Mr. Duff:

Q. You have their annual statements?—A. I have been able to do that in two cases, but in other cases I have not got the annual statements.

By Hon. Mr. Stevens:

Q. Let me ask you these few questions, Mr. Scott; take this composite sheet of several voyages, a number of voyages, and the accounts, or statements of voyage accounts submitted to you, would you mind stating this; are the port charges for instance fair?—A. There is a heading "Port Charges," so much money.

Q. I think we can clear this up pretty well. If Mr. Young, Mr. Middleton, Mr. Hosie, or any of these gentlemen state that that is Port Charges and nothing else, that would satisfy you, would it not?—A. Yes. When I put out that questionnaire all I wanted Mr. Middleton, Mr. Hosie or Mr. Thompson to do was to come and tell me that there was nothing in there except legitimate Port Charges, and in reference to this case I could have imagined something like that, based upon the information these gentlemen could have given to me.

Hon. Mr. STEVENS: I think Mr. Montgomery ought to produce just such an assurance.

Mr. MONTGOMERY, K.C.: We have done that. Either Mr. Middleton, Mr. Hosie or Mr. Thompson is prepared I suppose to give the same assurance.

The WITNESS: We made an exhaustive test of the C.P.R.

By Mr. Montgomery, K.C.:

Q. You have had free access to every book, have you not?—A. Yes. I have no complaint of the C.P.R. at all.

Q. That would only leave those not represented here?—A. You see my position. If you employed me to go and check some man's cash, and I came next day and told you that he said it was all right, and I told you that that was the way I checked it, I am sure you would not be satisfied.

By Hon. Mr. Stevens:

Q. That is exactly where I think there is a difference of opinion?—A. And that is what I would like to get cleared up.

Q. If we had asked you to audit these accounts of the steamship companies, I would expect you to say that you had checked every document, every voucher and so forth. But that is not what we are expecting. We have the audited accounts submitted. Now, assuming that these audited accounts should be submitted to us, you should ascertain whether or not the responsible auditors who certify to these accounts—what I mean is that you cannot certify to port charges without having a check upon these port charges?—A. What is expected is that I should make a mathematical calculation, and tell you the result from that?

[Mr. Gordon Wallace Scott.]

Q. Just what you were referring to a few moments ago?—A. But using a certain amount of judgment on these items.

Q. We will take port charges first?—A. Start with the revenue, and ask me questions from there. Ask me first of all, do I know in Exhibit 35 whether this is gross revenue? I know as a matter of fact it is not. I know there is commission deducted in some cases, before the revenue is shown.

Q. It is subject to such things as commission?—A. Yes.

Q. There is commission?—A. I know there are commissions.

Q. Is the revenue all right, Mr. Scott?—A. I have two cases where there are deductions from revenue. I found those out in the course of examination, and then it occurred to me, are there other cases where these deductions have taken place, where they are not commissions?

Q. Have you requested that explanation?—A. I have it in the questionnaire. I asked that question, to clear my mind upon that point.

By the Chairman:

Q. If I might suggest, please read the question you asked?—A. I asked if the amount shown as inward and outward freight disclosed the amount collected from the consignees and whether brokerage or commission was deducted. That question arose out of simply knowing that two of the companies had made those deductions.

By Sir Henry Drayton:

Q. We have it here that in some cases the commission is taken off?—A. Yes, quite so, and that is the point that struck me when I got down to the Managing Commission and Brokerage Commission. I have a net amount in one case and a gross amount in another.

By Hon. Mr. Stevens:

Q. A brokerage commission is not only a justifiable but an ordinary way of doing business, is it not?—A. Yes, but if we intend to show up all brokerage commissions, we should show them all.

Q. Subject to that reservation, is the Revenue account satisfactory to you?—A. I do not doubt any of these accounts. I am taking the same basis as anybody else would; when some person comes along and presents something and says it is right, I will take it as being correct, subject to the answers put here and to what I had in mind when I put the questionnaire.

Q. Let us come down to the operating expenses; can you get from the statements submitted what you might consider a fair statement of port charges?—A. Not that I am willing to take the responsibility for, beyond the mathematical accuracy of it.

Q. Not if these men will declare and swear that they are correct?—A. We have only four of them here declaring it, and I am to give you a consolidated statement of them all.

By Mr. Montgomery, K.C.:

Q. Four did it?—A. But there are six or seven; I think there are seven altogether.

Q. You have the certificates of everybody who is in this?—A. Quite.

Q. The others you cannot examine, because they are not here?—A. It is not that I am casting any doubt upon these figures, but I do not want to come along and take the responsibility for them, beyond their mathematical accuracy.

By Hon. Mr. Stevens:

Q. You have most of the companies here?—A. Yes.

[Mr. Gordon Wallace Scott.]

Q. You can take such companies as you have, and judge from the statements submitted by them?—A. I can do that.

Q. The same thing applies to fuel; their statements are complete as regards fuel?—A. Do you mean, have I seen any of these statements?

Q. It is a question whether you would accept some of these entirely and say that they are absolutely correct. Here is an example, probably the best we have got; you take this and see if it is satisfactory; you have the accountant here, and you can ask him for explanations. Looking over one of these statements, such statements as are not clear—and I quite admit that they would not all necessarily be clear to you—but could you not get satisfactory explanations from the accountants present on such statements as are not clear?—A. You heard the two answers to the questions that I put. You heard one of them, and you will agree with me, if you have practised accounting, that you will not take a profit and loss account without a satisfactory verification of a balance sheet showing the itemized account.

Q. Certainly not, if I am the auditor. But what I am trying to get, Mr. Scott, and what I want the committee to understand as far as I am concerned, is that you are not asked to audit the accounts of these companies; you are asked to review their statements, and insofar as the statements need explanation, the accountants are here.—A. I quite understand that I am not asked to audit the statements of these companies, because that would be a very very long task, and we would never report to this committee, and I have not in any way attempted to do that, but what I have attempted to do is use my judgment on certain items that struck me as being out of line with other companies.

Q. Take this as a test case. Here we have a voyage account of a vessel. It makes a statement here; there is a statement submitted, "running costs, wages, £48."—A. I tell you if I had every one like that, Mr. Stevens, I would have absolutely no complaint. You have picked the very best one.

Q. I did not pick it, you did?—A. I picked it, and I told you it was the best.

Q. What I mean is, if there are any which are not satisfactory, put your accountants on the stand either here or before you, and ask for the explanations.—A. I have asked for them here.

Q. I thought some of your questions went too far; they went back to checking the vouchers?—A. No, I do not think so. For instance, you must have had it in your practice, where you have one company that buys supplies and charges a commission for buying supplies. Is that a legitimate debit, when you are trying to arrive at a profit and loss statement in a thing of this kind?

Mr. MONTGOMERY, K.C.: That very question may be put to Mr. Hosie. He is right here, and that would clear it up.

By Mr. Montgomery, K.C.:

Q. When can you make your report, Mr. Scott, on the information which you have?—A. I would have it ready for the next sitting, I think.

Mr. MONTGOMERY, K.C.: When we have that before us, if there are any figures Mr. Scott wants to lay emphasis upon—.

Mr. DUFF: I do not understand why the steamship auditors and the steamship solicitors do not give Mr. Scott, if it is possible, all the information they can. Why do we have to talk about this day after day? It seems to me they are prejudicing their case by not giving all the information they possess. Why do they hide anything, or keep it back?

Mr. MONTGOMERY, K.C.: I do not think Mr. Scott suggests any of the companies have shown a disposition to hold anything back or to hide anything. The difficulty, I think—if there is any difficulty—is that we have no representatives here from two or three of the groups.

[Mr. Gordon Wallace Scott.]

The WITNESS: I think, Mr. Montgomery, I might put it this way, to make it perfectly clear. If the steamship companies, each individual one of them, wanted to sell me their business, what I wanted to get was the kind of statement that they would put up to me. They might say, "Well, this management charge; when you get it you will be able to cut it out, because you can do something different, and the brokerage charge might be dealt with differently." That was my original idea when I embarked upon this.

Mr. MONTGOMERY, K.C.: What we may come down to, if I may make this suggestion, is that when we have the statements before us, showing a big profit or a big loss, so big that a little variation one way or the other would not make any difference, we might think it a waste of time to go into details, but I think it would be very much more intelligently done if we had Mr. Scott's report before us.

Mr. DUFF: It seems to me that if I were a steamship auditor or solicitor or agent here, I would give all the information to Mr. Scott I possibly could.

Mr. MONTGOMERY, K.C.: That has been our effort.

Mr. DUFF: Then what is the trouble?

Mr. SYMINGTON, K.C.: I was wondering why the discussion. We have submitted what the auditor wants and answers will be made in writing in accordance with the directions of the committee. Mr. Scott will bring in his report next week, and submit himself to cross-examination.

Mr. MONTGOMERY, K.C.: There was a questionnaire addressed to the Cunard Line two weeks ago, and Colonel Gear immediately forwarded it to the Cunard Line in England, so every effort has been made as far as we are concerned to get the information.

Hon. Mr. SINCLAIR: Forwarded by mail?

Mr. MONTGOMERY, K.C.: Yes.

The CHAIRMAN: Then we will leave aside for the moment the examination of the accountant, and we will proceed with another item of business. Mr. Hosie will turn over at the very earliest moment possible the written answers to the questions put by Mr. Scott. I thank both Mr. Hosie and Mr. Scott. Now, we will take another witness.

WALTER MAUGHAN* called and sworn.

By the Chairman:

Q. What is your full name?—A. Walter Maughan.

Q. Where do you live?—A. Montreal.

Q. What is your occupation?—A. Steamship Passenger Traffic Manager, Canadian Pacific Railway.

Mr. MONTGOMERY, K.C.: My learned friend has asked that we put in evidence as to immigration. That is the purpose of calling Mr. Maughan.

By Mr. Montgomery, K.C.:

Q. How long have you been with the Canadian Pacific Railway, Mr. Maughan?—A. 30-odd years.

Q. Now, a question has been asked as to whether or not the rates which are charged by the company are excessive, or as having the effect of stifling immigration. I would like to have your point of view, first, upon that, and upon the extent to which you are interested in immigration?—A. Might I say at the outset that I do not think any other institution in Canada can be as keenly interested in colonization and in the influx into the Dominion of Canada of a large number of immigrants. We have, in approximately the last 25 years, spent \$70,166,000 in colonization.

[Mr. Gordon Wallace Scott.]

By Mr. Rinfret:

Q. In how many years?—A. In approximately 25 years. Approximately 75 per cent of that amount which I mentioned, has been spent in the past fifteen years; deleting the four years of the war and the next year's conditions consequent to the war, we have really spent 75 per cent of that amount in the last 10 years. The Administrative Department of our Colonization Department is in Montreal. We have overseas branches with headquarters in London, England, and agencies and representatives throughout the United Kingdom; representatives on the Continent in all countries where the governmental regulations will permit colonization representatives to function. We have a branch office in Winnipeg, and another one in Calgary, to look after the Prairie Provinces, receive the settlers, see that they are properly started, and look after them after they get started. The amount of money I mentioned as being spent by the company I represent is entirely apart from other large sums of money that we have spent in trying to develop traffic, such as another overseas organization, advertising and other incidentals. The money has been spent mostly in Canada on ready-made farms, turning waste lands into fertile lands, by means of irrigation, and so on. One expenditure alone was for the large dam at Bassano, Alta., running into millions of dollars. Now, it is hardly reasonable to suppose that a company such as mine spending that huge amount of money, would put immigrant fares up to the point where they would prohibit immigrants entering this Dominion. If we thought for a moment that high rates would make our investment in the West a dead one, you can rest assured the rates would be lower.

By Mr. Duff:

Q. How does the company recoup itself? You say they have spent this large sum of money. How do they recoup? Is it chargeable in the fares charged to the immigrant?—A. Not one cent of it, sir.

Q. None of it is charged in the fares of the immigrants?—A. No.

By Mr. Montgomery, K.C.:

Q. You are looking for the development of the territory through which your long line of railway passes?—A. The matter of ocean services feeding our railway, getting the country settled, and the consequent freight and passenger business that will move, is, I might almost say, the life-blood of the company,—the means they have of getting revenue. We try to build for the future, and if we are not successful, I am almost constrained to say that the Dominion of Canada cannot be successful, as our interests are almost identical.

By Mr. Shaw:

Q. Where are these agencies in Europe, of which you spoke, outside of the United Kingdom?—A. In Hungary, Czecho-Slovakia, Jugo-Slavia, the Scandinavian countries, and I think, Russia. I am merely speaking from memory, without the book, but that is a general idea of how they are scattered throughout the Continent.

Q. How about Poland?—A. Just at present the lines have not even got a traffic concession from the Polish Government. We had one, and the matter is now under negotiation as to whether it will be renewed or otherwise.

Q. How about Belgium?—A. There is a representative there.

Q. France?—A. No. The Colonization Department has no representative in France, but the Traffic Department maintains an office in Paris, as well as Cherbourg.

Q. How about Germany?—A. In Germany there is a representative both of the Traffic and Colonization Departments.

[Mr. Walter Maughan.]

By Mr. Rinfret:

Q. You are speaking of the C.P.R. alone?—A. Yes; that is the amount, we, as a company, have spent.

By Mr. Duff:

Q. Are you settling these immigrants all on your own land?—A. Naturally, Mr. Duff, we try to get them along our own line of railway; they are contributors to our revenue later on, both in a freight and passenger sense.

Q. And do you sell them your land?—A. Usually.

By Mr. Kennedy (Glengarry):

Q. Do almost all of them settle on your own land?—A. Yes, when our Colonization Agent gets directly in touch with them. But, of course, our Traffic Department handles many passengers who do not settle on our land. For instance, we might handle traffic on the ocean which would use the Canadian National from the port of landing to the inland destination.

By Mr. Stork:

Q. What is the present price of land near your railway?—A. I cannot answer that; I am in the Traffic Department, and that is a colonization matter. It would not do for me to give you an idea, because it would be purely and simply guesswork.

By Sir Eugene Fiset:

Q. What are your immigrant rates at the present time?—A. With the vast increase, in November, 1924, they averaged out to \$81.25. The immigrant rate is, like anything else, graded, according to the steamer, so that it averaged out to \$81.25.

By the Chairman:

Q. That is from the United Kingdom?—A. Slightly higher rates from the channel ports.

By Sir Eugene Fiset:

Q. You were one of the committee that dealt with the question of transportation during the war, were you not?—A. Yes. I was Chairman of that committee.

Q. Were the rates you were then receiving for third class passengers just about equivalent to your rate to-day?—A. It was an entirely different condition then. Our operating expenses were not anything like on the level they are on to-day.

Q. Was the company losing money by the chartering of their ships for war purposes?—A. I could not answer that off-hand, without consulting the books. I think Mr. Scott has had pretty free access to them and he can answer that better than I can.

Q. You were charging in those days £12 for third class passengers and now it has increased to \$81 for third class passengers?—A. That is probably accounted for by the fact that we were carrying greater loads. To-day, take, for instance 1924, our fleet, as compared to pre-war days, and probably with the same tonnage—you are very close to it—is only operated 46 per cent loaded for the calendar year, 1924. In other words, we had a 54 per cent vacant space.

By the Chairman:

Q. For passengers?—A. Yes, third-class passengers. We were more fortunate than some of the other lines; the Cunard Line and their allied interests, such as the Anchor-Donaldson and the Donaldson, had vacant third-class space to

[Mr. Walter Maughan.]

the extent of 70 per cent, and the White Star had 81 per cent vacant space for the calendar year. They were only 19 per cent loaded.

By Sir Eugene Fiset:

Q. During the war you were operating 33 of your own ships by specific contract. For each trip you were charging £12/19/9, which is the top rate you ever received; that was practically at the end of the war; I mean to say just a few months previous to the releasing of those ships to your own company. It is hard to realize that you can make such an increase since then.—A. I think you will remember that those ships carried greater loads then than to-day.

By Mr. Duff:

Q. If you were getting a full capacity of emigrants your rates would be lower?—A. If we could get some kind of definite assurance that restrictions would be removed.

By Sir Eugene Fiset:

Q. You understand the reason I am asking you that. It is in fairness to your company, because the question has been raised in this Committee. You were one of the members of the committee that fixed those rates?—A. Yes.

By the Chairman:

Q. You were speaking about restrictions. Continue your answer.—A. Yes. Rather, maybe, I had better put it this way: If immigration regulations and laws, as far as Canada is concerned, were the same as they were in 1913, we feel that a very much larger movement would take place, and the rights of the citizens and the country generally would be perfectly safeguarded.

By Mr. Duff:

Q. What was the rate in 1913?—A. Our rate in 1913, third-class, averaged out, \$31.90. It ranged from \$31.25 to \$32.50.

Q. To-day it is what?—A. To-day it averages out \$81.25.

By the Chairman:

Q. Will you try and justify that increase? It seems a high one, from \$31.90 to what?—A. \$81.25. It is roughly 155 per cent.

Q. To what?—A. \$81.25.

By Mr. Rinfret:

Q. I understand the rates are much higher now. You claim that the service given to the emigrant is better. You seem to say that the general conditions are accounting for the lesser number of emigrants. Do you not think that if the service given to them was not of such a high quality but that the rate was lower, you would get a greater number of emigrants?—A. Well, we have to keep pace with the competition which we face. All lines do, added to which, even a third-class passenger is a discriminating individual to-day, far more than he was in pre-war days.

Q. Is it necessary to give that kind of service to get emigrants, or is it not a fact that, on the contrary, if you give less service and charge a lower price you would get a greater number of emigrants?—A. No, not unless your restrictions were removed. The Chairman has asked me practically what has brought about the increase. In the first place, as I have explained, our carrying capacity is probably cut in two.

By the Chairman:

Q. Your carrying capacity is cut in two?—A. Yes.

[Mr. Walter Maughan.]

By Mr. Rinfret:

Q. Half of it is vacant?

Mr. MONTGOMERY, K.C.: Both are right.

The WITNESS: No, due to the service that we have had to improve; baths, shower baths; individual rooms for married couples, and females; recreation rooms; play rooms for the children; hospitals. Our carrying capacity in the same cubic space is cut in half.

By Sir Eugene Fiset:

Q. In other words, the space of the ships has been reduced, is that it?—A. Yes. We have, for instance, one ship, the Empress of Britain—

By Mr. Montgomery, K.C.:

Q. Compare the two conditions. Give us an idea of how they were carried before and how they are carried now?

By Mr. Rinfret:

Q. My question is, whether it is necessary to have those changed conditions.

The CHAIRMAN: His answer is, whether it is right or wrong, that all the other lines are doing it, and they all have to do it.

Mr. RINFRET: If it is not good, it makes it worse.

By Mr. Shaw:

Q. Does the law compel it, in the meantime?—A. The law of the labour unions cut down our space by making us provide more adequate provisions for the crews; in other words to give them more space. That was one reason—to give them better accommodations is the better reason. In the earlier years before the war, as probably everyone knows, there were not the public rooms on the ship, which were known as open steerage; in other words, males and females were segregated, and they had large rooms on the ships with tiers of bunks in each one of these rooms; probably anywhere from 20 to 100 were berthed. The feeding, they had to practically do themselves. While the food was cooked on the ship, they had to go for it and wait on themselves.

By the Chairman:

Q. A la cafeteria?—A. Almost à la cafeteria, on a very rough scale. To-day, I think I have explained why the space is taken up. Now, on top of all this, our actual business, as I told you, is practically cut in half. Now, probably I can answer Mr. Rinfret better by saying that on assurances from the Government that there would be a big movement from Great Britain in 1924, we put in what was known as a bonus system; we gave every British emigrant, coming to this country, from April first to November thirtieth, a rebate of \$15, which made his net rate \$60. The movement from Great Britain, under that preferential or differential treatment, actually declined for the year 1924, 17 per cent; whereas with the same rate of passage from the continent and the channel ports in 1923, as they had in 1924, the business actually increased 7 per cent.

By Mr. Duff:

Q. In other words every little movement has a meaning all its own?—A. Yes.

By Mr. Rinfret:

Q. You are not contending?—A. I am merely showing that with the lower rate from Great Britain, instead of business increasing it really decreased.

[Mr. Walter Maughan.]

By Mr. Montgomery, K.C.:

Q. The rate is not a controlling factor?—A. To-day the British and Northern Ireland and the Irish Free State quota to the United States combined, is a little over 62,000, and we have information to the effect that there are applications in on the other side totalling 79,000 to-day. The Britisher goes to the United States at the same rate as he comes to Canada at, and yet he overflows his quota regulations. The applications for the movement to the United States for the present year are greater than the movements of the Britishers to Canada last year.

By Mr. Symington, K.C.:

Q. Are they third-class applications?—A. No. That is the whole quota, but you would find that they would be largely third-class. Now then might I illustrate also, that the rate from the United Kingdom to Australia has gone up. In 1911, to 1913, in round figures, converting the pound at five dollars, it was \$90. In 1923, that rate went up to \$200. To-day it stands at \$185. And the movement from the United Kingdom, third-class, to Australia, has shown a healthy increase, over post-war years, showing that the rates did not deter the movement from Great Britain to Australia.

By Mr. Montgomery, K.C.:

Q. How were they as compared with the capacity of the ship?—A. Well there is a very different situation there, Mr. Montgomery. The steamship lines operating to Australia have a distinct advantage over the lines operating to Canada, because they can carry their immigration movement throughout the entire 12 months. They can spread it over. Whereas we have to put our movement into the three spring months, due to climatic conditions.

Q. That is the heavy movement?—A. The heavy peak load. We have to make provision for the movement of that peak load, and for the other 75 per cent of the calendar year, when the space runs very, very low. Therefore a shipping company, operating to Australia, as I say, has a very distinct advantage over us, handling the business to Canada, notwithstanding that their rate has more than doubled, and their business keeps on increasing.

By Mr. Kennedy:

Q. Would not that advantage be overcome by the length of time it takes to make a round trip to Australia?—A. No, I would not think so. They can make provision for that movement, and have their space pretty well distributed for the 12 months. It is a pretty expensive thing for us to put a peak load into 25 per cent of the time.

By Sir Eugene Fiset:

Q. These rates you are quoting now are Conference rates, are they not?—A. Yes, and no; I think there is an independent line making that rate from Liverpool to Australia.

Q. I mean to Canada.—A. To Canada, Conference rates, yes.

Q. And the preferential of \$15 you are getting on British ships, is that Conference also?—A. No, that was really an arrangement between the Department of Colonization and Immigration here and the Canadian lines, arranged by Conference.

By the Chairman:

Q. But they all get it?—A. Yes, all lines were parties to that rate and any British emigrant could get it.

[Mr. Walter Maughan.]

By Mr. Montgomery, K.C.:

Q. But that did not apply to emigrants going to the United States?—A. No, that was only to bona fide British immigrants to Canada.

By the Chairman:

Q. Mr. Maughan, did you ever consider whether if the same concession had been given to people from Continental Europe, that would or would not have affected the flow of immigrants here?—A. No sir, for the reason that we know we could get a very much larger movement from the Continent to Canada if we could get the permits to let them enter Canada.

By Sir Eugene Fiset:

Q. If you could get what?—A. If we could get permission for the people to enter Canada. To-day, practically only an agricultural labourer or an agriculturist is admitted.

By the Chairman:

Q. And then you have to go hat in hand to the Department of Immigration and pray them to let them in?—A. Well, in that connection, sir, I may say that we have thousands of applications for farm help; that is, the man who will engage that help indicates the immigrant, and then we try to get a permit to allow of his admission to Canada, and I don't know but I would say, at a guess, which I think would be fairly accurate, that 25 per cent of those applications after being signed up were not allowed. The Immigration Department may have very good reasons for that.

By Mr. Shaw:

Q. Where do your applications come from mostly, on the Continent?—A. That is an extremely hard matter for me to answer. There are a great number from Hungary, but of course there are more from countries populated by what the Immigration Department are pleased to call "Undesirable nationals." I think that is about as close as I had better go.

Q. What do you mean by that? I do not understand it.—A. Well, to the nationality of the man. I think it would be discreet here not to mention any particular nationality.

By the Chairman:

Q. They are not "Nordics."—A. That is perfectly correct, Mr. Chairman.

By Mr. Shaw:

Q. I wondered if Mr. Maughan would find much difficulty in getting in immigrants from countries that were or were not allied with Germany during the great war?—A. No, there does not seem to be much difficulty in that. There is no national feeling except possibly in one or two directions, which the Chairman has stated are not Nordics.

By Mr. Duff:

Q. Mr. Maughan, you say the accommodation is very much better than it was ten or fifteen years ago. Do the immigrants demand better accommodation, or has that to do with Government regulation, or why is it?—A. There is a certain amount of it from Government regulation. The greatest amount is competition. And then there is a certain element of the discriminating attitude of the immigrant. He is demanding more to-day than he did before.

[Mr. Walter Maughan.]

By Hon. Mr. Sinclair:

Q. Discriminating taste?—A. Yes, the discriminating taste of the immigrant. He is really demanding more than he did a few years ago. As a matter of fact, I may say, Mr. Duff, that a number of the immigrants—I can state this from actual experience—travel in the cabin classes of our ships, coming into Canada. Now there may be two reasons for that; it may be that he wants that accommodation; and there is also the off-chance that travelling cabin class he may think he will look more prosperous and have a better chance with the immigration inspector; but the fact remains that a number of them travel cabin class.

By Mr. Duff:

Q. Do you find your movement is less because the rate has been raised?—A. No, we cannot believe that, sir. If we believed that for a minute we would be the first agitators to get the rate down to increase the flow, with the investment we have in this country.

By Sir Eugene Fiset:

Q. Can you reduce that and still make a profit?—A. With the present movement, no sir. We are not making a profit to-day. Your auditor has our statement.

Q. But on a full load?—A. If we were assured of a full load, we would be glad to consider the reduction of rates, but we would have to have a very definite guarantee that we would not be tied hand and foot and told to indulge in locomotion.

By Hon. Mr. Sinclair:

Q. If you were under the restrictions as they were in 1913, would you feel assured of getting a full load?—A. That of course is a very hard question to answer.

By the Chairman:

Q. In your best judgment, that is all.—A. In my best judgment, it would increase the flow. Personally I feel satisfied it would.

Q. Would it increase the flow to your capacity or somewhere near it?—A. For a portion of the year, yes.

By Mr. Rinfret:

Q. So the main reason you are carrying these rates is because of competition?—A. That is one reason.

Mr. MONTGOMERY, K.C.: You might go ahead and give the other reason.

By Mr. Rinfret:

Q. You do not consider that you could compete with the other lines by lowering the rates; you must only compete with them by improving the service?—A. We have got to provide a service equal to the other lines.

Q. That always brings up the same question, whether there is a class of immigrants who would rather pay less and get less service.—A. There might be a small percentage of such immigrants.

By Mr. Duff:

Q. Would you get more immigrants if you reduced your rate \$20 at present?—A. I have already answered that. I think in the first place we could not get them in under the present regulations.

Q. But I mean, if the restrictions were reduced?—A. If we thought that I think we would be the first to agitate for it, because we absolutely require the

[Mr. Walter Maughan.]

people in this country, to support our railway and help us pay the share of taxation which as a railway we pay here, which runs in a considerable sum in the millions.

By Hon. Mr. Sinclair:

Q. Mr. Maughan, speaking of those who come in, have you any idea how many of those agriculturists remain on the land? Do you follow them?—A. Those our Colonization Department bring in do go on the land and they are followed. I may say, they make prior arrangements to put them on the land. Those that the Traffic Department handle, possibly without consultation with the Colonization Department, we do not definitely know that they go on the land, but we cannot get them in unless the Government is pretty well assured that they will go on the land.

By Mr. Duff:

Q. Can you say what proportion come through the Colonization Department?—A. No, I cannot, off-hand, but I would say at a random guess, founded upon certain facts I have in mind, that there would be somewhere between thirty and forty per cent.

By Mr. Kennedy:

Q. What reason is given for not accepting the applications of twenty-five per cent you spoke of; you said there were twenty-five per cent not admitted?—A. We have simply the applications denied us, and the reason is that we find after the Immigration Department investigates, they do not think the application is bona fide; in other words, when a man says he is going on the land they do not believe he is going to do so.

Q. Not physical disability?—A. No, not physical disability nor mental disability.

By the Chairman:

Q. You have been interested in the Immigration Department for some years?—A. Yes, sir.

Q. This touches the question of freight rates, therefore it is proper to ask these questions; what would you think of an immigration policy which would say to the whole world. "If you are sound in body, mind, wind and limb, you can come to this country," would those people be wanted?

Mr. DUFF: Add the words "and eyesight."

The WITNESS: I would like to preface my remarks with the remarks that whatever I may say here is not to be construed as in any way a criticism of the Department of the Government set up to take charge of this work.

By the Chairman:

Q. No; I am merely asking for your opinion.—A. I think I had better point out, first, that the United States, in the years prior to the war, were admitting approximately a million and a quarter of those people a year. Personally I believe that if we did the same thing it would not be long before the wheels would be turning pretty rapidly in order to turn out the supplies that would be required. In any kind of careful selection that might be set up to see that the people were physically, mentally, and possibly morally fit, we would have a free movement to this country, and in my personal opinion we would see prosperity here such as we have not seen for many years past, in a very short time.

By Mr. Kennedy:

Q. They have reached a stage now where they are almost at the peak, and again there may be other reasons why it was stopped?—A. Yes. The Depart-

[Mr. Walter Maughan.]

ment of Labour sometimes in the United States has a say in keeping out certain classes, with the idea that the wages for those in the country will go up. I believe in the fiscal year ending June 30th, 1924, there were some 200,000 went from here to the United States. I think the United States Immigration figures show that.

By the Chairman:

Q. Of course the United States and ourselves are in very different positions as regards the proportion of population to available space?—A. Yes, and as a matter of fact they are spending more money to-day to keep people out of the country than we are spending trying to induce them to come in.

By Mr. Shaw:

Q. Do you know whether, in the years prior to the war, immigration was unrestricted?—A. No, it was not unrestricted.

Q. But hadn't they to have a certain amount of money in their possession, in addition to soundness in wind and limb?—A. Yes, a nominal sum.

Q. So that that policy extended over a great many years, did it not?—A. Yes; almost from 1914, before the outbreak of the hostilities; in the old country you could take it back to probably 1900.

Q. Have you investigated the results of that to ascertain how it affected Canada?—A. We have simply to look about us and see what the condition is in Canada to-day.

Q. But I am taking the period up to 1914, and looking back to the unrestricted immigration policy of the years previous to that, and I am asking you the results in that particular time; would you say they were very satisfactory?—A. I would say decidedly satisfactory.

Q. Supposing I told you that in all those years I doubt whether we kept up our normal birth rate, notwithstanding all that increase, what would you say as to that?—A. I can quite believe that, because all the people who come to this country do not stay here.

Q. Do you want to make Canada a sieve, to let people through?—A. I do not think that is the proper term to apply there, Mr. Shaw. This is my own personal opinion only; no matter if these people go through Canada, staying here only a week or a month, they must leave so much money. In any event, they are just as good as tourists; they come in, and I hope they will spend their money here.

Q. Apart from the increase in the population, don't you think we should consider their passing through the country?—A. There is that aspect of it, but they must leave some money here, which will benefit the merchant and back up on the manufacturer and the producer here.

Q. I would like to find out the basis for your reasoning.

By the Chairman:

Q. As a matter of fact, a lot of those people do stay in Canada?—A. I would say the most of them. We have had wastage since 1913; we have had a war, and we have had emigration from this country across the line, and perhaps we have not kept up our birth ratio.

By Mr. Shaw:

Q. You say there has been emigration from Canada to the United States in the last year; there is no doubt about that, is there?—A. The last year I have a record of is the fiscal year for 1924. There were 200,000 souls crossed into the United States. But that is not the only thing; a lot of those were native Canadians.

[Mr. Walter Maughan.]

Q. You have asked that the bars be taken down; how do you know that these people are not going to follow the 200,000?—A. It is not humanly possible to say that they will not, but I do believe myself that a great percentage of them would stay in Canada.

Q. Why don't you bring the matter up?—A. I am afraid that is a somewhat embarrassing question, Mr. Shaw. I do not want to be taken as criticizing anybody.

By Mr. Flintoft:

Q. How long have they to be in Canada before they can go to the United States?—A. Five years I think; it used to be one year, then two, and then five.

Q. So that if they come to Canada there is no chance of getting across unless they steal through?—A. They are pretty well checked up there. If a man wants a position, the Labor Unions investigate him thoroughly, and he is not there very long until he is deported. If I may, I would like to make a further statement and say that very drastic conditions are imposed upon steamship companies. The immigration agent at the port of entry to Canada has the right, for an almost unlimited category of reasons, to demand that a steamship company shall carry a man back to his place of origin free, and in addition refund the fare he had to pay for coming. We have never objected to that.

Mr. SYMINGTON, K.C.: It cannot happen very often.

By Mr. Rinfret:

Q. Have you had many of those cases?—A. Not a great number of deportations.

Q. Perhaps that is the reason you do not object?—A. No, Mr. Rinfret. We make this claim, that our agents, as far as they possibly can do so, investigate the passengers before they allow them to come forward.

The CHAIRMAN: Forgive me if I say that we have only a few moments, and that we had better redirect our inquiry to the immediate question of the rates.

By Mr. Montgomery, K.C.:

Q. I think at the time we diverted to this question you were about to speak of a typical ship?—A. Well, the only typical ship we have running to-day that was running in pre-war days is the Empress of Britain. In 1913 she could pick up at one load 1,014 third class passengers; to-day her capacity is 634. That is a typical ship in service in pre-war days and in service to-day. But our fleet, as I before stated, the pre-war tonnage, as near as it is comparable to the tonnage to-day, is about cut in half. It is even worse than the Empress of Britain.

Q. And even though your capacity is cut in half, how do the figures compare as to the percentage filled, versus vacant?—A. Well, as I have said, in 1924 we ran with 54 per cent vacant space.

Q. And you were better off than most of the lines at that?—A. The Cunard Line had a wastage in space of 70 per cent, and the White Star 81 per cent.

Q. Was your condition any better in pre-war days?—A. Oh my, yes.

Q. Even with the enlarged capacity—you had double the capacity?—A. You have only to look at the emigration figures on that.

Q. You have also referred to the service given, as far as the rooms were concerned. What about food and eating accommodation and so on?—A. Well, while there will not be shown any great increase in the cost of supplies, probably the method of feeding heaps expense on us. The dining rooms and the extra stewards and the extra cooks on third-class ships to-day—the third-class passenger gets a printed menu for each meal.

[Mr. Walter Maughan.]

Q. Similar to the one I exhibit?—A. Yes. We put a similar menu card on for the three meals, for third-class passengers.

By the Chairman:

Q. Do they change it every meal?—A. Yes sir. In some of the modern boats to-day. I may say that the food is prepared in the same kitchen for the third-class passengers as for the cabin passengers.

By Mr. Duff:

Q. How many languages do you have these cards in?—A. Sometimes two, sir; it depends on the number of Continentals, and what nationalities we have.

By Mr. Montgomery, K.C.:

Q. Have you one of your folders here?—A. Not with me, but I could get it in the office.

Q. Really, the folders are illustrative, comparing this with the old conditions which used to exist. Perhaps we could get it better this way; how does the third-class to-day compare with say the second-class in pre-war days?—A. Well, in my opinion the third-class on the modern steamer, or the remodelled steamship, is superior to the second-class accommodation around 1905 or back.

The CHAIRMAN: Can we finish with this witness before lunch?

Mr. SYMINGTON, K.C.: I cannot.

The CHAIRMAN: Mr. Symington has several questions to ask, so there is no use going on now. The committee will rise until three o'clock.

The witness retired.

The committee adjourned.

The Committee resumed at 3.00 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, the Committee will please come to order. Mr. Maughan, will you please resume the stand?

WALTER MAUGHAN recalled.

By Mr. Montgomery, K.C.:

Q. Now, Mr. Maughan, the comparisons that have been made both in the report that has been submitted and the evidence, have been two in number; first, pre-Conferences as compared with the present, and, secondly, pre-war, as compared with the present. We have not spoken of the pre-Conferences, and I do not know whether you know anything about that or not?—A. I am not really qualified to speak on the pre-Conference, inasmuch as we were not in the Atlantic steamship business in pre-Conference days.

Q. While we are on that subject, you might tell us when you got into the Atlantic trade, and when you joined any of the Conferences?—A. The Canadian Pacific acquired the Elder-Dempster Line in 1903. We joined the Westbound Passenger Conference on January 1st, 1906; we did not join the Eastbound Atlantic Conference, whose headquarters are in New York, until January 1st, 1908.

Q. Reference has been made to a date in 1909, when you joined some Conference?—A. No, I think that is a mistake, as far as joining a Conference is concerned.

[Mr. Walter Maughan.]

Q. I am speaking of 1909?—A. On 1909 we had a traffic agreement. I know of no Conference in 1909, unless it may be that a Freight Conference was joined in that year.

Mr. MONTGOMERY, K.C.: Is that correct, Mr. Marlow, do you happen to know?

Mr. MARLOW: In 1910, they joined the General North Atlantic Conference Westbound.

By Mr. Montgomery, K.C.:

Q. There has been reference made to an agreement in 1904, which is mentioned in a document referred to as the Alexander Report?—A. Yes, but that agreement could be considered in no way a Conference agreement; it was simply what might be termed an "Inter-Line Agreement" dealing with the division of territory on different classes of business.

Q. It had nothing to do with the North Atlantic Conference. I have a copy of the agreement here. That has nothing whatever to do with the Conferences in general; it was simply an agreement between lines on territorial division. . .

By Mr. Flintoft:

Q. It was just two lines?—A. No, I think there were more than that.

Mr. SYMINGTON, K.C.: All of the N.D.V.L. lines.

By Mr. Montgomery, K.C.:

Q. That "N.D.V.L." is a contraction for some unpronounceable German name?—A. Yes; it is mentioned in the Alexander Report here.

Mr. SYMINGTON, K.C.: The North Atlantic Steamship Lines Association.

By Mr. Montgomery, K.C.:

Q. Then you are not qualified to speak as to pre-Conference rates, from any personal knowledge?—A. No.

Q. You were asked by the Chairman to justify the increase in rates from pre-war times, and you have spoken first of the reduced carrying capacity of the vessels between those two periods?—A. Yes.

Q. You might explain a little more fully how that reduced carrying capacity is accounted for?—A. Well, you take the same cubic measurements in a ship, and by putting fewer people in each room, providing public rooms, dining-rooms, and hospital, as previously explained, it just about cuts the actual bed or passenger carrying capacity in half.

Q. The remaining part is a little more than half?—A. It varies according to the line; some would be more than cut in half, and some not quite half. The difference in the accommodations, as before explained, is what is responsible for it.

Q. Now, do the requirements as to the space for the crew affect it at all?—A. Yes. The unions demand that the crews have more space, better space, and better located, in some cases, on the ships. Further than that, by the creation of these individual rooms for married couples and families, the necessity arose for more stewardesses on the ships; they, in turn, have to have quarters found for them, and that takes away from the carrying capacity of the ship.

Q. Does the same remark apply to the stewards?—A. No. They can get stewards on and off the ship pretty well according to the number of passengers, but the stewardesses are more or less of a fixture.

By Sir Eugene Fiset:

Q. From what date were the better accommodations provided?—A. They vary according to the lines.

[Mr. Walter Maughan.]

Q. I know, but from what date? During the war or after the war?—A. I am making a comparison between pre-war accommodations and post-war accommodations—those of the present day.

Q. Then they were provided from 1919 and 1920?—A. Yes, just as soon as the vessels could be improved after they were returned to the services.

By Mr. Montgomery, K.C.:

Q. And all the newer vessels came in with these increased facilities?—A. A great many lines lost their fleets during the war, and the newer ones which have been built, I believe—although I cannot give official evidence of this,—cost from four to six times as much as similar vessels before the war.

By Sir Eugene Fiset:

Q. Is it not a fact, Mr. Maughan, that the very fact that you have provided for better accommodations for your third-class traffic, has had an effect on your eastbound trade?—A. It really has no relation to it, that I can see, General.

Q. Is it not a fact that you are getting new passenger traffic to England or to the Continent, due to the fact that you have modified to such an extent your third-class passenger accommodations, and you are getting, I will say, three, four or five times more traffic eastbound than you were getting before?—A. No, not as far as our line is concerned, General, I think perhaps I can explain that to you by the fact that the lines running to the United States, when the quota law came into effect, had made provision to handle between 500,000 to 600,000 souls. They had that space vacant, and they cast about for means to try and employ that space and they started these tourist cabins and college cabins, an economical tourist rate and back. My present opinion is that that will not hold. I regret that, because it has a tendency to send this down to third-class, but the first-class was in no way provided with that in view.

By Sir Eugene Fiset:

Q. Just the same, it has improved?—A. Yes, probably at the expense of the cabin traffic.

By the Chairman:

Q. Since then, it is true that a good many people are taking advantage of the cheaper rate, offered by your better third-class accommodation, to go to Europe, who, otherwise, would not have gone at all?—A. I can tell you, as far as our line is concerned, that that business is negligible.

By Mr. Rinfret:

Q. What is that?—A. It does not amount to really anything. We probably have three or four tours in the summer season, and that is all we get out of the twelve months. I cannot say off-hand, but, as a guess, I would say that the business in each one of these trips would not run over two hundred. It might be below or it might be above.

Q. You mean eastbound?—A. It is east and westbound. They make the round trip on what they call so-called economical tours.

Q. Do they come back again on your vessel?—A. They select a sailing that is blanked out for other third-class business.

By Sir Eugene Fiset:

Q. The reason I am asking that is because the impression exists that your increase in eastbound traffic has compensated to a large extent for what you had been deprived of on the other?—A. That is not a fact.

[Mr. Walter Maughan.]

By Mr. Rinfret:

Q. Have you that in contemplation? Would you expect that that would be the case some day?—A. No, I would not. As a matter of fact we are opposed to it.

By Mr. Montgomery, K.C.:

Q. They think it is hurting the cabin business?—A. It is hurting the cabin business.

Q. So you are of the opinion that emigrants could be carried conveniently at a cheaper rate?

By Sir Eugene Fiset:

Q. With less luxurious accommodation?—A. They could be carried cheaper if they could be moved in numbers; if we could get the turnover in our business.

By Mr. Rinfret:

Q. That is not in accordance with what you were stating, that you were against the present system?—A. The present system, the college tours to London and back. I would like to make that very clear, because I can further illustrate that by taking that class of cabin ships, that is the ship with only two classes of cabin and a third class, instead of three classes, first, second and third. Since those cabin ships came into effect, they have greatly interfered with the first class business, on the third-class ship.

By Mr. Montgomery, K.C.:

Q. You have spoken of the number of ships that were destroyed and had to be replaced after the war. That formed a very considerable percentage of most of the fleets, did it not?—A. Some of the fleets here—I have not got figures before me, but I believe some of the Canadian fleets were almost wiped out.

Q. I am speaking of passenger vessels?—A. The passenger vessels did get it.

Q. As those new boats were replaced were they fitted with those more luxurious third-class fittings?—A. Yes, the modern ship is brought up to meet the demands of the travellers, as well as that of competition.

Q. Did that necessitate the conversion of boats like the Empress of Britain by the installation of similar accommodation on her?—A. The bringing of the Empress of Britain up to pre-war requirements was a very expensive thing for us.

Q. And the other boats had to fall into line too?—A. They had to be reconditioned.

Q. Otherwise they would not draw the traffic?—A. They would not get any business against the other ones.

Q. The third ground you spoke of was the fact that even the reduced space that was now available in the ship was not filled to the same extent that it was in the earlier days?—A. That is a fact; while our actual capacity is cut in two. Then on top of that are the reduced carryings.

Q. Even in the capacity you have?—A. On the reduced capacity, so it is really a reduction upon a reduction.

Q. And that you attribute to the fact that immigration was not moving to Canada in the same proportions?—A. It is not. The statistics of the Dominion show that, the number of admissions.

Q. I assume that you are giving your views from a transportation viewpoint. You are not assuming to pass on the question from a national point of view, or a point of view of one or other section, as to which is the more advisable?—A. Any views I might have expressed are my own personal views. I want to make it clear, if that thought is around, that I do not wish in any way to be misconstrued on it, if anyone thinks that I am criticizing any regulations that

may be in effect. What we might say, from the standpoint of movement of traffic, is that if certain restrictions that are in effect were removed, we believe it would increase the movement, but whether that would be advisable or not, I do not wish to criticize or pass an opinion on.

The CHAIRMAN: Mr. Maughan was careful to say, in expressing his views this morning, that he was merely expressing his personal views. I took note of that.

By Mr. Montgomery, K.C.:

Q. Yes. Now, your fourth point I think was, the difference in the class of service that was supplied, as between the older period and the present period. I think we all understood that.

The CHAIRMAN: He went over that.

Mr. MONTGOMERY, K.C.: Just to get the thing summarized:

The WITNESS: As I explained, while the actual edibles may not be much higher in cost, the method of serving them is a very considerable expense to the company.

By Mr. Montgomery, K.C.:

Q. The increased expense of operating the ship, or the reduced purchasing power of the dollar, as you wish to put it, the general expense?—A. Generally speaking, of not being able to find the elastic dollar.

Q. That brings us to the question as to whether having in view all these things, the increased rates have been more than sufficient to provide for these factors, which you have enumerated, from an earnings point of view?—A. Well, I do not know. The voyage statements have been put in the hand of the Government auditor, as I understand it, and they will show that in 1924 we did not make any money.

Q. Just tell us about 1925, the results up to date, without going into figures at all.—A. Those figures are also obtainable, if the Committee wish them, in private and will show definitely that we have, not only, not made any money since the first of the year, but we have not broken even; that is from the first of January, 1925, to the first statement of voyages received, up to a week ago, that is last Saturday.

Q. What I had in mind more particularly, from a comparative point of view, was as to whether the months of this year have shown up more or less favourably than the corresponding months of the previous year?—A. No, they have not. As I have explained; even with the increase, that was made effective in 1924, November, we have not made sufficient revenue to meet expenses, really.

Q. Now, you are always speaking before depreciation, or anything of that sort?—A. That is, before making any provision, whatever for depreciation.

Q. Now, it might be suggested that this falling off was attributed to the increased rates. I think you covered that this morning.

The CHAIRMAN: He went into that very thoroughly and very clearly, this morning.

The WITNESS: May I just say there, Mr. Montgomery, that the movement from the United States to Canada for the fiscal year ended 1924, shows a movement of souls from the United States to Canada of about one eighth of the year ending 1913, or 1914, showing that the movement from the United States has stopped coming to Canada, and it can in no way be attributable to increased rates, because their fares are practically the same now as then, probably a 15 per cent increase.

[Mr. Walter Maughan.]

By Mr. Montgomery, K.C.:

Q. Anyway, it has nothing to do with ocean rates?—A. No, but it goes to show that that movement was stopped and there was no change in their rates.

Q. Briefly, as to the facilities which are provided on the other side, such as control stations on the Continent, do you know anything about that?—A. I believe there was some remark passed about control stations. The only control stations that I know of, are ones that were set up by the German Government, and the reason for that, apparently, was to try and conserve the movement of emigrants from Germany and control it to German lines. When those control stations were set up, the British lines put up a very vigorous fight against it. There is another class of station that is maintained on the other side, particularly at the channel ports, and they are quarantine or disinfection stations, where the emigrants are passed through and subjected to examination, I believe they keep them there three days and put them in such shape that they can give a clean bill of health before they go on the ships. Those stations are maintained at the cost of the steamship lines, and while I am not familiar with the detail of their accounts, I believe that the line receiving the passenger gets a bill from each station on a per capita basis. I am not absolutely certain on that but, to the best of my belief, that is the method they are handled under, and these stations are originally maintained by different steamship lines. In other words three lines might have a station.

By Sir Eugene Fiset:

Q. Are those stations in the channel ports?—A. Those stations are in the channel ports, although there is one at Southampton.

By Mr. Montgomery, K.C.:

Q. How do those quarantine stations affect your costs? What has been done in those?—A. Perhaps I can give you figures first of all on the Southampton station.

Q. By the way, there is a memorandum which Mr. Maughan is now reading from. If it is of any convenience to the Committee, we have extra copies of it. We are not insisting on it being filed. I do not care whether it is filed or not. As he is reading statistics I thought it might be convenient for you to have it. It is simply different provisions as to restrictions of immigration and so on, the expense of control stations.—A. I might illustrate, Mr. Montgomery, by taking the quarantine or inspection depot at Southampton. The depots are shown on page 19 of this memorandum. That inspection station is managed or administered by the Cunard, White Star Line, and Canadian Pacific. The approximate average annual cost of maintenance is £45,000; or, if for the purpose of convenience we put the pound in dollars at the rate of five dollars to the pound, the annual cost is \$225,000. Naturally, the rate of passage bears its share in that expense. It is an expense that must come out of transportation.

Now all the way down there are a number of other stations there. For instance, Cherbourg, maintained by the Cunard and White Star Lines. The conversion being at the same rate, the annual cost is \$175,000; And a separate one of the Royal Mail also at Cherbourg of \$75,000. And so on down, all the way through. Some of the costs I have been unable to obtain by cable although I asked for them. Those are the control stations.

Q. Would you care to give any explanation of any of the figures? There are some on the next page.

By Mr. McKay:

Q. What occasions the cost? How is it that the stations cost so much money?—A. There are enormous buildings; sleeping quarters are provided in

[Mr. Walter Maughan.]

them; feeding facilities; naturally, toilet facilities; and in some cases they take care of, I believe, as many as 15,000 souls. So you can understand it is quite an institution and very expensive to maintain. The smaller ones, you will observe here, sir, are maintained at a much smaller average rate per annum.

By Mr. Fintoft:

Q. Mr. Maughan, it might be interesting if you gave some idea, for Dr. McKay's information, as to just what is done with the emigrant while he is passing through that station?—A. Well, I have heard it said that we launder the emigrant there. He comes out from his original starting point on the Continent of Europe in a rather rough state and he is put through this depot physically, mentally, and morally; and they remove everything objectionable about him, including entomological specimens.

The CHAIRMAN: Put very nicely.

The WITNESS: That brings him on to the ship in at least a clean condition, and makes a better emigrant of him and a more presentable immigrant of him when he lands here. As a matter of fact, some of them get their first idea of cleanliness and modern toilet facilities when they strike those depots.

By the Chairman:

Q. This is the approximate average annual cost?—A. Yes, sir.

By Mr. McKay:

Q. Will you explain again what the meaning of a control station is, and how the Germans could control the direct passage of an emigrant to this country?—A. Well, as I understand it, the Germans set up these control stations in the first place. They enacted emigrant legislation compelling anyone leaving the country to do so under prescribed conditions, and one of the conditions was that they must pass through a control station. That conserved the revenue of the German lines, and was wholly disapproved of by the British lines. They had nothing to do with it.

Q. Take the case of an agricultural labourer in Germany employed by a farmer here, who expects to give that man employment for one, two or three years and to teach him farming; he buys a ticket here and sends it to the man in Germany. How do they control that man?—A. At the present day, sir, the German emigrant cannot leave—

Q. I mean if that ticket calls for transportation on your boat?—A. I am speaking of the control system in existence pre-war. We can issue a ticket to-day, prepaid, send that through our representative in Hamburg, and he can come out on our boat.

Q. The point is this: in nearly every case I know of—I could give a recital of nearly fifty offhand, the tickets were purchased here and a direction given to the emigrant.—A. Might I ask, sir, what you mean by a direction?

Q. The ticket itself directs which way he shall come. That is the custom in my riding, and a great many come that way. That control station would have no control there?—A. No sir.

Mr. MONTGOMERY, K.C.: As a matter of fact, doctor, I have been told—you perhaps know this better than I do—that the control stations have been more or less wiped out by the Treaty of Versailles.

The WITNESS: Oh yes, they were a prominent part of the Treaty of Versailles.

[Mr. Walter Maughan.]

Hon. Mr. STEVENS: There is a very complete report on this in the British Commission on Shipbuilding and Shipping, reported about 1918, ordered by Mr. Asquith; setting forth all the details of the German control stations and their interference with the movement of emigrants, trade and everything else.

By Mr. McKay:

Q. The point I was making is this, that if a ticket was purchased here with the direction in, there could be no control?—A. No sir.

Sir HENRY DRAYTON: Not today.

Hon. Mr. STEVENS: There would be before the war.

The WITNESS: I am dealing with the time before the war when the charge was made that these control stations were there and that more or less the British lines were interested in them. Even pre-war, I want to make the point that the British lines were in no way favourable to them. Cases such as you cite we have every day in the week. That is what we call our prepaid business.

By Mr. Montgomery, K.C.:

Q. In connection with that prepaid business, one fact comes to my mind; it is not confined to that alone; I understand the steerage passenger, or third class passenger can now purchase his actual accommodation, with the berth and number of the stateroom and everything of that sort.—A. He can make his reservation beforehand and get his actual berth and room number on a specific sailing just the same as the saloon passenger or cabin passenger can, either east or westbound. As a matter of fact that is the way it is arranged.

Q. Is that a privilege he had in earlier days?—A. Oh no, no, he was in the open; herded really.

By Mr. McKay:

Q. He was in the herd then?—A. Yes.

The CHAIRMAN: Are there any further questions by the members of the Committee? If not, I will ask Mr. Symington if he has any questions to ask this witness.

Mr. SYMINGTON, K.C.: Yes, Mr. Chairman.

By Mr. Symington, K.C.:

Q. Mr. Maughan, you have been there 30 years you say. Have you a list of the rates commencing in 1902?—A. No, we were not in the business in 1902, Mr. Symington.

Q. You quote a rate here apparently in this book of yours, for 1900?—A. That is not a Candian Pacific book, I may say. That is general; prepared by the lines. Personally I cannot speak of a rate in 1900.

Q. I presume the rate shown in this book is correct?—A. Yes, that was the normal rate.

Q. And the rate shown for 1913, would be correct also?—A. Yes.

Sir HENRY DRAYTON: What page is that?

Mr. SYMINGTON, K.C.: Page 1. 1900, \$31.25. 1913, \$35.

By the Chairman:

Q. Mr. Maughan, the interest in the Waverley Novels was heightened by the fact that the name of the author was unknown at the time. Who was the author of this reply of the steamship lines?—A. It was rather a joint affair, sir.

Q. Then who were the joint authors?—A. I don't know sir.

[Mr. Walter Maughan.]

Q. Did you have anything to do with the preparation?—A. I gave certain information, yes.

Q. And who did you give it to?—A. Well, there were naturally several meetings.

Q. Do you remember who the gentlemen were?—A. No, really I cannot recall now.

MR. MONTGOMERY, K.C.: I do not know myself, but there is no reason why the Committee should not know that.

THE CHAIRMAN: No, and I was asking who it was.

THE WITNESS: I may say this, that we had several conferences and the White Star, Cunard, Donaldson Line and ourselves were present, and at different meetings there were different members of the staff there.

THE CHAIRMAN: Someone must have put it all together.

By Mr. Montgomery, K.C.:

Q. If there is any information you can give about it Mr. Maughan, why, give it.—A. I really cannot give the exact names. For instance I was at several of the meetings Mr. McClure of the Cunard was there; Mr. Tobin of the White Star; Mr. Ballantyne of our own line, at one time, and I think Mr. Annable. That is as to the passenger end. I know nothing about the freight, I was not at the freight meetings.

SIR HENRY DRAYTON: This is passenger.

SIR EUGENE Fiset: This is the reply dealing with passenger? The first part of the reply dealt with traffic rates; this deals entirely with the passenger service, the second part of the reply. We should have a copy of it.

MR. MONTGOMERY, K.C.: There is a copy in your reply is there not?

SIR EUGENE Fiset: No.

SIR HENRY DRAYTON: No, this is the first time I have seen it.

MR. MONTGOMERY, K.C.: This is not referred to as the reply. He was quoting part of it. It was really got up for us, and some of it is in the reply. I am not asking to have it filed. I only gave it to you for convenience in following the statistics. But there is no objection to giving it.

MR. FLINTOFT: We will have more copies by the first of the week.

MR. MONTGOMERY, K.C.: As regards the compilation, you are more interested in the reply of the steamship companies?

SIR EUGENE Fiset: We would like to know who is the editor?

MR. MONTGOMERY, K.C.: As far as we are concerned, we see no reason for any secrecy about it. It was not the work of any one man; but I would rather have someone speak of it who knows about it.

THE WITNESS: I think that has been explained.

SIR EUGENE Fiset: My real interest is in getting a copy.

THE WITNESS: I will see that you get one.

SIR HENRY DRAYTON: I think the general is right. There is a lot of history in it, and we have also got the laws of the United States on this subject, in it.

THE CHAIRMAN: Mr. Flintoft has just stated, Sir Henry, that they will be glad to furnish the members of the Committee with whatever number of copies are required. Mr. Maughan had half a dozen which he handed to us just now.

MR. FLINTOFT: We will have copies in the first of the week.

[Mr. Walter Maughan.]

THE WITNESS: That was only received from Montreal on the late train last night. It was thrown together in a hurry.

MR. MONTGOMERY, K.C.: To clear up that other point, my information, for what it is worth, is that these different sections got together the most of the information, and the final grouping was done by Mr. W. D. Robb, or Mr. Thomas Robb, who is the central pivoting point for that, and he put the stuff together.

MR. SYMINGTON, K.C.: All right. Then we may get on?

By Mr. Symington, K.C.:

Q. The rates increased during those years, Mr. Maughan?—A. Yes.

Q. And I notice that during the time those rates were increasing the emigration to Canada from the United Kingdom increased from 5,000 to 150,000 a year and still the rates went up. How was that?

SIR HENRY DRAYTON: That is at page 7.

MR. SYMINGTON, K.C.: I have the Dominion Statistics on Immigration. I have not even seen that book, and am not prepared to examine upon it.

THE WITNESS: I have figures here which bear out what I say.

By Mr. Symington, K.C.:

Q. Why do you give your statement now as to the tremendous increase being on account of dwindling traffic; did rates advance in the shipping business to such a tremendous extent because of an increase in the traffic?—A. There may have been other conditions then, although I cannot speak authoritatively upon it, such as cargo or other classes of business that may be necessary to get those earnings for the ship.

MR. FLINTOFT: Before my friend Mr. Symington goes any further, I would like to be satisfied as to this, because on the first page of the statement there are a number of rates given. Which rate is he giving?

MR. SYMINGTON, K.C.: The rate at the bottom of the page, which is the same rate as given in the reply to the liners reports.

MR. FLINTOFT: The rate you are giving ran from \$31.25 to \$32.50, an average of \$31.90.

MR. SYMINGTON, K.C.: All right, let us take the \$31.90, I don't care which.

THE WITNESS: That is an estimate. The rates averaged \$31.90, or ranged from \$31.25 to \$32.50, from I believe 1900 right up to the pre-war time.

THE CHAIRMAN: That is close enough, anyway.

By Mr. Symington, K.C.: . .

Q. My instructions are, and I take it from the reply to the liners, that the rates did increase from 1900 to 1913?—A. Very slightly, if any.

MR. FLINTOFT: Where is the reply?

THE CHAIRMAN: Look at page 40.

THE WITNESS: It is there, at page 40.

MR. FLINTOFT: Look at page 36. That is the only page dealing with passenger rates. If you will look at the bottom of the page you will find the same figure as in this statement. It shows \$31.25 in 1900 and \$32.50 in 1913, averaging \$31.90. There was no invrease between 1900 and 1913. I don't know where the other figures can be found.

THE WITNESS: I think it is a typographical error.

THE CHAIRMAN: It is strange it did not increase between 1900 and 1913. The whole cost of living was rising during that decade.

[Mr. Walter Maughan.]

Mr. MONTGOMERY, K.C.: It surely was.

The WITNESS: It was practically the same during that period.

Mr. FLINTOFT: It was fluctuating.

Mr. SYMINGTON, K.C.: Mr. Flintoft said one thing and the witness another. Which of them is correct?

Mr. FLINTOFT: I was referring to the fluctuations between 1900 and 1924.

By Mr. Symington, K.C.:

Q. Have you any personal recollection of the rates for that time, Mr. Maughan?—A. No, I have not, for the simple reason that I was on the Railway end. While I have been with the railway company for over 30 years, I have been in Montreal only 14.

Q. Have you any recollection of what the Elder-Dempster rate was?—A. No.

Q. Was it below the other rates?—A. No. I would take it that the normal rate on the Elder-Dempster line was as shown here, \$31.25 to \$32.50.

Q. From what would you infer that?—A. From information I have received.

Q. From whom?—A. From the people who were in charge of the traffic at that time.

Q. I want to clear that point up, because apparently it is in dispute. Will you tell us who would know about that?—A. I don't know whether our accounting records go back that far or not; it is possible they may; we may have that information in Montreal.

Q. Were you in the steamship end at the beginning of your association with the North Atlantic traffic?—A. Only in a ticket office, not in a managerial or an administrative capacity.

Q. I am referring to what is known as the Alevander Report, page 21, at least that is the beginning of it. There they state that the most notable feature of the North Atlantic traffic between the United States and Europe is the dominant importance of the steerage traffic. Was that true, within your knowledge?—A. I knew there was a big movement from Europe. The United States figures will show that pre-war they took in as many as a million and a quarter.

Q. Did it apply to Canada, that dominant importance?—A. A great many passengers came to Canadian ports.

Q. A lot of people came to Canada?—A. A lot of people come to Canada, yes.

Q. Would it be true of the Dominion?—A. Of course you will understand that I am speaking entirely from recollection, nothing authentic.

Q. At little further down it is stated:—

“It is the very lifeblood of the business, without which their existence and further operation would be impossible.”

Does that meet your view?—A. Not exactly.

Q. You do not such a great weight on the steerage business?—A. No. It could not be our lifeblood; we could not live if that was all we had.

Q. Then, dealing with the passenger agreements, had you any experience with them?—A. Just at what time, Mr. Symington, pre-war?

Q. Up to 1914?—A. No.

Q. You had no experience at all?—A. No.

Q. You have an agreement apparently with you?—A. That is the one referred to in the Alexander Report as Agreement J., I believe.

Q. Tell me if this is a correct statement of the situation; it is at page 23:—

“The steerage agreements allot to each line a certain percentage of the total traffic moving via certain ports, and operate on the plan that if one of the lines finds itself carrying far in excess of what it

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knows is its allotted percentage, it must temporarily raise its rates, thus automatically throwing the excess business coming to itself to some other line which is falling short of its share of the total traffic."

A. There were certain traffic arrangements, I believe, in pre-war days that have not existed since the war. There is absolutely no pool or agreement as to a division of the traffic to-day.

Q. You say there is no pool or agreement as to a division of the traffic to-day?—A. And has not been, to my knowledge, since the outbreak of the war.

Q. Then after giving these various percentages, it refers to Agreement J:—

"This contract was entered into March 9th, 1904, between the lines composing the N.D.L.V."

Those are the North Atlantic Steamship Lines Association.

"and the Canadian Pacific Railway Co. It was agreed that the Canadian Pacific Railway Co. will not carry passengers of Continental nationality, other than Scandinavian or Finnish, by its own steamers, or by any steamers in which it is interested, sailing from ports in Great Britain and Ireland to ports of Canada or the United States. The Canadian Pacific Co. agrees to furnish, should the continental lines at any time require it, to the Secretary of the N.D.L.V. every facility for satisfying himself that there has been no violation of the agreement."

That is what you refer to as not a Conference Agreement but a Traffic agreement?—A. That is not a Conference agreement, and I want to make it perfectly clear to the Committee that that agreement covered business from the Continent, and only the carriage of that business on such ships as sailed from Great Britain. We put a service into Antwerp, and got the business.

Q. At the same time there was an agreement which set aside 14 per cent of the traffic to the British Lines?—A. Yes, but that has not been in effect for 10 years, and is not in effect to-day.

Q. Then there is another agreement referred to in the Alexander Report, at page 31.

Hon. Mr. STEVENS: Before you leave the first agreement, Mr. Symington, the one you referred to, is that in effect to-day?

Mr. SYMINGTON, K.C.: No.

By Mr. Symington, K.C.:

Q. Agreement J is not in effect to-day, Mr. Maughan?—A. No.

Mr. MONTGOMERY, K.C.: There are no agreements of any kind in effect to-day.

By Mr. Symington, K.C.:

Q. The statement was made that they were not in the Conference. I go on now to page 31 of the Alexander Report, as to Agreement AA:—

"This agreement was entered into for a term extending from February 5, 1908, to February 28, 1911 (then to continue from year to year unless discontinued) by the Allan Line, the Anchor Line, the Cunard Steamship Co., the Hamburg American Line, the North German Lloyd, the Hull and American Line, the Red Star Line, the International Mercantile Marine Co's. Lines (except the Red Star Line), and the Canadian Pacific Railway Co. (Atlantic Steamship Lines)."

Have you that agreement?—A. I have not, and I do not believe it is in existence.

[Mr. Walter Maughan.]

Q. According to the terms of that agreement, which included all the N.D.L.V., there were percentages allotted for the westbound traffic and east-bound traffic, were there not?—A. We were in that only in one direction, and that is dead to-day.

Q. You were in that in only one direction?—A. Yes. If I remember correctly, our share was 4 something, but it is dead to-day.

Q. 4.49, was it not?

Hon. Mr. STEVENS: What was the date of that agreement, Mr. Symington?

Mr. SYMINGTON, K.C.: The date of that agreement was February 5th, 1908, and it extended from February 5th, 1908, to February 28th, 1911, and was to continue from year to year unless discontinued.

By Mr. Symington, K.C.:

Q. Under that agreement, Mr. Maughan, there were compensation clauses; if you carried more than your share you had to turn the money into the pool?—A. Yes.

Q. And it was divided among those who had not carried their share?—A. That is correct.

Q. It not only covered steerage, but by reason of a certain clause it was provided:—

“No Line has the right to alter its steerage and second class cabin rates without having previously informed the Secretary of the Conference.”

Is that correct?—A. That I understand was as far as the Conference workings were concerned, but every member of the Conference reserved the right to take independent action.

Q. We will deal with the Conference a little later on, Mr. Maughan. You also agreed:—

“Unless there is a second class rate agreement, the lowest second class cabin rate of any line westbound must be at least 2 pounds, and eastbound at least \$10 higher than the highest normal third class rates of the respective steamers.”

So that unless an agreement was entered into, it really covered second class cabin?—A. Unless these agreements are in existence to-day—but I do not believe they are in existence to-day.

Q. Speaking of how it would affect the public, it was agreed:—

“The Hamburg American line and the North German Lloyd will use their efforts to arrange that the passengers of the non-German lines may pass the Silesian, Saxon and German frontiers.”

A. I did not know of that.

Q. That would be for the purpose of getting past those control stations?—

A. To the channel ports, I presume.

Q. That would apply to the liners of the Members of this Conference. Then there was another agreement, V or 5. However, that covers second class passenger traffic, so we need not deal with that.

Then dealing with control stations, upon which you have given some evidence, I would like to refer to page 41 of the Alexander Report, where the evidence of Robert P. Skinner, Consul-General at Hamburg, was accepted. He says:—

“The organized method by which the lines seek to maintain their respective percentages and avoid the payment of large compensation money is well illustrated as regards the German lines by the explanation

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furnished to the Committee by Mr. Robert P. Skinner, Consul-General at Hamburg. He writes that—

‘As far as Germany is concerned, the mechanism of the arrangement whereby all emigrants passing through Germany are directed to Conference Line steamers is as follows: The Prussian Government has established “‘10 sanitary control stations at various points along the frontier of Russia.’”

You would not disagree with that?—A. No, but I am not aware, Mr. Symington, really of the reason for this. They are not in existence to-day, they are dead.

Mr. MONTGOMERY, K.C.: As far as the report goes, I don't know that any of us are going to take issue with that.

Mr. SYMINGTON, K.C.: I am touching upon it for this reason: the witness says the Conference Lines fought this agreement, and here is a provision providing that the Hamburg-American line and the North German Lloyd will use their efforts to arrange that the passengers of other lines may pass the frontiers.

The WITNESS: May I correct that impression, Mr. Symington? I did not say the Conference Line fought that, I said the British Lines fought it.

By Mr. Symington, K.C.:

Q. Quite so; there is an agreement providing for the co-operation of the German Lines so that Conference passengers could get through those frontiers. To repeat:

“As far as Germany is concerned, the mechanism of the arrangement whereby all emigrants passing through Germany are directed to Conference Line Steamers is as follows:”

Mr. MONTGOMERY, K.C.: Which Conference are you dealing with?

Hon. Mr. STEVENS: Mr. Symington, if I may interject, it was charged against the German Lines that they had violated the spirit and the letter of this agreement.

Mr. SYMINGTON, K.C.: May be so.

Hon. Mr. STEVENS: It was found by the British Commission on Shipping and Shipbuilding that the chief difficulty the British Lines were facing was this unfair competition, backed up by the German Government.

Mr. SYMINGTON, K.C.: In answer to that I can only say that with respect to this contract or agreement, there was no object in the German lines getting more than their percentage share of the continental traffic through these ports, because they had to put it in a pool for division prorata among the other lines.

Hon. Mr. STEVENS: All of which it was charged they evaded. I am not trying to justify the agreement, which I might say was a notorious contest.

The WITNESS: That is my recollection of it.

Hon. Mr. STEVENS: We can get this all in detail in this report.

Mr. SYMINGTON, K.C.: I think really if the committee wants the thing in detail, this is a very detailed report.

By Mr. Symington, K.C.:

Q. The report says:—

“All of these Conferences are said to have the same general secretary, viz. Mr. H. Peters, with headquarters at Jena, Germany.”

Do you know of that?—A. No, I do not.

[Mr. Walter Maughan.]

Q. Now, coming to the present situation with respect to Conferences, Mr. Maughan, the lines have filed Exhibit 16H, which is agreement S.T. 1 on Scandinavian, Finnish and Icelandic third-class passenger traffic. That is in effect now?—A. I believe it is, yes.

Q. Now, without my reading it through, the membership consists of all lines which are running to Canadian ports, does it not?—A. Yes, practically all of them.

Q. And I presume to American ports as well?—A. Some of them have United States services, yes.

Q. And that sets forth that the rates—it divides the steamers into groups. That is so?—A. All steamers are graded.

Q. Graded, yes. It divides them into grades, and without going through it, for instance grade number one, the first one mentioned is the Aquitania.—A. I may say, Mr. Symington, that the ships are graded first of all according to size and speed.

Q. Quite so. There is no point in it very much, it is only for the purpose of pointing out the difference in rates.—A. That is where you get your \$31.25 to \$32.50, according to the steamer.

Q. And on this grade one, the rates to Scandinavian ports is \$107?—A. I could not say that offhand; I have not got the tariffs.

Q. Have these been changed?—A. It probably would be changed, because there were increases made effective last November. There have been several changes since 1921.

Q. So you do not know—?—A. There is one as late as November of last year.

Q. So whatever changes are made are made in accordance with this agreement, and they apply over all?—A. Generally speaking, yes.

Q. And it fixes the rates from Scandinavian ports and Finnish ports, with respect to group one, and then group two—which includes your Empress of Britain and so on—at \$105, as opposed to \$107 at that time; group three is \$103 and group four is \$100. Then it provides that all the foregoing rates apply only to steamers at present engaged in the services of the lines; additional steamers to be rated when entered for service on a similar basis. In the event of difference of opinion, such rating to be subject to revision by arbitration. That is what is in existence now?—A. Practically, yes.

Q. Then it provides that there shall be no reduced passages, and the lines are to file a list of their agents with the secretary of the North Atlantic Passenger Conference at Liverpool for Scandinavia, Iceland and Finland, and for America and Canada with the secretary of the Trans-Atlantic Conferences at New York.—A. Yes. May I say, though, that that does not prevent any line from appointing any agent they would like to.

Q. Quite true; they notify—?—A. The idea is that by the exchange of views in Conference we find that we get a better class of agents. Sometimes one line believes they have made a wise choice, but when the other lines express their views they see they have not. We believe that by this arrangement we get a higher class of agents and that, incidentally, is a help in protecting third-class passengers.

Q. Then article six:

“The secretary of the North-Atlantic Passenger Conference, Liverpool, is appointed secretary under this Agreement for all Lines parties hereto.”

That is the arrangement?—A. Yes. The secretary of the New York Conference is the secretary of the Liverpool Conference, and so on.

Q. That is Mr. Morse, is it not?—A. Mr. S. E. Morse is the New York man.

[Mr. Walter Maughan.]

OCEAN RATES

Q. He is the secretary of all the Trans-Atlantic Conferences?—A. Yes.

Q. That is so?—A. Pardon me, not all the Trans-Atlantic Conferences, because there is an overseas secretary as well. Each Conference—for instance, the Mediterranean, has its secretary, too.

Q. In New York?—A. No, overseas.

Q. But on this side he represents all the Conferences, both east and west. This, for instance, deals with westbound traffic?—A. Yes, they co-operate one with the other. He is mainly for eastbound business though.

Q. This is westbound business?—A. Yes, I know.

Q. And it provides that he is to be the secretary under this agreement for all lines participating.—A. He is yet, but there is still an overseas secretary as well, where the rates really are made.

Q. That is where the rates are made, over there? Then Article seven, statistics.

By Sir Eugene Fiset:

Q. Do you mean to say the rates are made over there, westbound and eastbound as well?—A. Yes, because the head offices of the majority of the lines are over there.

By Mr. Symington, K.C.:

Q. "Statistics."

"On the 7th, 15th, 23rd and last day of each month, the Lines will furnish the Secretary with an accurate return of all Westbound and Eastbound First-Class, Cabin, Second-Class and Third-Class Scandinavian, Finnish and Icelandic passengers carried in the period ending with these respective dates, showing also the ports of embarkation and debarkation. This information to be circulated amongst the parties by the Secretary."

A. That is correct, and I believe also filed with the government in Washington.

Q. Then the Secretary, Mr. Morse, gives to each line which is a member of these Conferences, exactly the carrying, the ports of embarkation and debarkation of all the other members of these lines?—A. We furnish our figures just the same as we would if there were no Conference. It is a matter of courtesy, interline courtesy.

Q. Then under Article eight, there is provision for arbitration, and penalties.

By Sir Eugene Fiset:

Q. Do you say these rates are submitted to Washington?—A. No sir. I said that this record of carryings, that the secretary of the Conference compiles this record—.

Q. I understood you to say that the rates fixed overseas were submitted to Washington?—A. No, it is the carryings.

By the Chairman:

Q. Do you not have to file your rates with the Shipping Board at Washington?—A. Yes, the rates are there also, but they are not subject to them. If they wish they can take objection to them, I believe.

By Sir Eugene Fiset:

Q. Is the same thing done in England?—A. I could not say that offhand.

Q. That is one point I am extremely anxious to learn.

Mr. MONTGOMERY, K.C.: It is the United States Shipping Board.

Sir EUGENE Fiset: Yes. It has been already stated that these rates are given to the United States Shipping Board, but I would like to know if, for westbound freight, these same rates are handed to somebody in England.

[Mr. Walter Maughan.]

The WITNESS: I will be very glad to develop that for you, General, but offhand I cannot answer it positively.

By Sir Eugene Fiset:

Q. You do not know whether they go to the Chamber of Shipping?—A. I think they do, but I could not answer positively. I will find out and let you know.

By Mr. Shaw:

Q. Might I ask a question. Do I understand from you, Mr. Maughan, that the rates are filed with the Shipping Board, the United States Shipping Board?—A. No, the Interstate Commerce Commission and the Department at Washington. I cannot think of the technical name of it, but it is a Department of the United States Government at Washington.

By the Chairman:

Q. I thought it was the Shipping Board?—A. I think it is the Shipping Board.

By Mr. Shaw:

Q. Then suppose the Shipping Board found these rates too high? What about that?—A. I presume they would take action to bring them down.

Q. Are you familiar with it, because I cannot find that in the Act, although it may be there.

Mr. MONTGOMERY, K.C.: It is domestic, not trans-Atlantic.

Sir EUGENE FISET: But that is not what I understood. I understand these rates are filed with the Shipping Board, and the Shipping Board is directly under Congress, and it is the United States Shipping Board that takes action.

Mr. MONTGOMERY, K.C.: It is a domestic matter; there is a difference between the domestic and trans-Atlantic.

By Mr. Symington, K.C.:

Q. While Mr. Montgomery is looking that up, I may go on. Then there is a provision for damages for breaches of this agreement by any party, which shall not be less than £50 nor more than £500 sterling for each breach?—A. I believe there are similar provisions brought up, yes.

Q. Now, that covers Scandinavian, Finnish and Icelandic immigration.

Mr. MONTGOMERY, K.C.: It is on page 20, but they have not similar provision under the other. The agreements have to be filed.

Mr. SHAW: But it is the domestic rates only?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Mr. Shaw, I may say that the United States lines which are really the United States Shipping Board are members of this Conference, and they get all this information anyway.

By Mr. Symington, K.C.:

Q. Now, I just want to bring one point out from Exhibit 16G in connection with these Conferences. If you will look at page 131 of the minutes, which is the last one we have—A. If you want any more of these I can get you all the copies you want.

Q. The point is that representatives of the Continental lines, the Mediterranean lines, and the North Atlantic lines—with respect to these Conferences, according to Exhibit 16G which I have shown you, the meeting consist of representatives of all these lines. They always meet together?—A. Not always, no.

Q. Are there any here where they have not, or are there minutes which we have not got?—A. For instance, there are very often subjects that would be

[Mr. Walter Maughan.]

discussed that there would be only the New York-Liverpool lines in. There might be a meeting of Conference member lines with only those operating to the West Indies concerned, or round-the-world cruises, something like that. All these other Conference representatives would not be there, only the lines interested would be present.

Q. Mr. Maughan, we asked for the minutes of the trans-Atlantic Passenger Conference, and that is what we have.—A. I imagine that is merely a heading. I did not really notice that myself, although I get dozens of these every week.

Q. It may be a heading, but look at who were at the meetings. That looks more than a heading.—A. That would be a question of the subject matter to be discussed. I did not really notice that they were headed that way.

Q. Well, they are all headed that way—I think they are?—A. They may be.

Q. And they certainly include the Mediterranean and Continental lines, as well as the North Atlantic?—A. Yes, I see they are present there.

Q. Including the German lines?—A. Yes; they are in there.

Q. And the Secretary of the three Conferences which meet is Mr. S. E. Morse?—A. Yes.

Q. Then, Mr. Maughan, the next agreement filed is Exhibit No. 16E, Agreement B.T.1, Westbound and Eastbound on British and Irish third-class passenger traffic?—A. Yes.

Q. That is still in existence?—A. I do not know whether that is the exact agreement—

Q. But there is a similar agreement?—A. There is a similar agreement in effect.

Q. That is the one filed in October, 1923?—A. I imagine that is the last one.

Q. And that agreement, without going over it, is practically on the same lines as the Finnish and Scandinavian agreements?—A. Yes, with certain provisional changes—conditions of the trade.

Q. I notice they have an article which the other has not, but I presume it is implied in the other. Article 5, "Any of the lines shall be at liberty to advance their rates above those shown in the schedule that may be agreed upon from time to time, should they so desire". That is, you can quote above the rate shown here?—A. Really, the only understanding of the lines insofar as passenger business is concerned, is that we reach an understanding as to minimum rates—that we will maintain those. There are many others, which we call "scale rates" above that, but there is no agreement that they shall be maintained, or has not been until recently.

Q. What is the difference in this agreement between the westbound basic rates and westbound prepaid?—A. The basic rate is the minimum, and in some cases there may be a slightly higher rate covering the cables overseas, or the cost of transporting an order over there, or getting the officer on the Continent in touch with the passenger who is coming forward. I presume that is what it is.

Q. I was wondering what the distinction was. Will you explain it? Westbound there is a basic rate of £16?—A. That is the minimum.

Q. The westbound prepaid is \$80?—A. That is the fare that would be paid on the North American Continent for a prepaid ticket. If you wanted to go into our office in Ottawa and bring somebody out, instead of sending the cash you would send the ticket over.

Q. And pay \$80?—A. Yes, sir.

Q. So the rates on that basis in 1923 ranged from \$72.50 for fourth-class boats, to \$80, first-class boats?—A. Yes. As a matter of fact, to-day, they go from \$72.50 to \$90, as published in this memorandum.

Q. There was an increase, about which you spoke—A. In the early part of the year there was one range, and in November there was another range.

Q. So that the traffic then is operated in accordance with this agreement, Exhibit 16E, so far as British and Irish immigration is concerned?—A. Practically, yes.

Q. And again, under Article 8, all this information is filed with the Secretary of the North Atlantic Passenger Conference, 18 James Street, Liverpool, and with Mr. Morse in New York?—A. Yes.

Q. Then, under article 20 of this same agreement is what we might call the U.K. Immigration, which deals with the advertising the line can do: "No circulars or publications shall be issued by any line reflecting upon or instituting comparisons unfavourable to any other line party to this agreement, nor shall any party to this agreement support any newspaper which may systematically attack any of the lines"?—A. As a matter of fact, some lines were making extravagant claims for their ships, such as "the best", and it was to modify that advertising that all these advertising agreements were put in. One line might be able to claim one feature as the only one, and it was not thought desirable that that class of advertising should go in. We should tell the public in advertising, in a fair way, what we have for sale, and not make extravagant claims, one against the other.

Q. You cannot tell then—A. I would not want to sell our goods by comparing them to anybody else's; we want to sell them on their merits.

Q. The Secretary gets copies of all sailing lists, rate schedules, and circulars issued?—A. Yes; he keeps them on file.

By Sir Eugene Fiset:

Q. When you say "Secretary", you mean Mr. Morse?

Mr. SYMINGTON, K.C.: Mr. Morse in New York, and the secretary at 18 James Street, Liverpool.

By Mr. Symington, K.C.:

Q. Then, in respect to the immigration traffic, there is also a clause for a penalty of £50 to £500 Sterling, for any breach of the agreement?—A. Yes.

Q. Article 28 says: "So long as this agreement is in force no line shall advertise or quote rates or supply conditions other than those provided for in this contract, even for sailings subsequent to its expiration"?—A. That is correct.

Q. Then, the other agreement filed is Exhibit 16D, Agreement 2-1, "Continental Third-Class Traffic, Westbound and Eastbound"—A. What is the date of that, Mr. Symington?

Mr. SYMINGTON, K.C.: March, 1921.

The WITNESS: I cannot say that is the last, but I believe there is a similar one, yes.

By Mr. Symington, K.C.:

Q. It is similar to the ones the steamship lines have filed?—A. Yes.

The CHAIRMAN: Is it necessary to indicate the different changes?

Mr. SYMINGTON, K. C.: No, there are just a few which I want to point out.

By Mr. Symington, K.C.:

Q. This also covers all the lines, does it not, trading from the Continent to Canada?—A. Yes, I would say that is a complete list, with the exception of the name "Canadian Pacific Ocean Services" is wrong. That is, "Canadian Pacific Steamships".

Q. Article one gives the scope of the agreement?

Mr. MONTGOMERY, K.C.: Which one is that?

[Mr. Walter Maughan.]

Mr. SYMINGTON, K.C.: Continental third-class passenger traffic, Exhibit 16D.

"This agreement shall govern Continental third-class traffic west-bound and eastbound forwarded by the lines parties to this agreement from, or to, all North American ports and all European ports situated between Petrograd and Cadiz, inclusive, and to embrace all continental traffic forwarded over Scandinavian, Finnish and United Kingdom ports".

A. If that is not the last agreement, is it very likely there is a similar one.

Q. Now, the next clause:

"Continental traffic forwarded via Mediterranean ports will form the subject of a separate agreement with the Mediterranean lines unless this Agreement is eventually extended to embrace also the Mediterranean lines."

Has that been done?—A. I believe there is a separate agreement. In fact there are so many of those different ones that it is hard to keep track of them.

Q. Appended to this agreement, as a schedule to Article four, rates are set fourth, from all European ports?—A. Yes. Of course, like even, the British rates, they vary from time to time.

Q. And the rates at this time were \$120 from Cherbourg—I am reading class one, of course.—A. What is the date of that agreement?

Q. 1921.—A. \$120, first class? Surely not?

Q. Not first-class; third-class, but grade one, but they seem to be all the same. No, they are not. \$100 to \$120, and that follows through Havre, Boulogne, Ostend, Antwerp, Rotterdam, Danzig, Reval, Corona, Lisbon, Oporto?—A. I cannot say that these are the last rates.

Q. These may have come down or gone up?—A. Their rate shows a comparison along this line.

Q. This one has three secretaries, article six: "United Kingdom, Scandinavia and Finland: Secretary, North Atlantic Passenger Conference. Continent: Secretary, Atlantic Conference. United States and Canada: Secretary, New York Conferences", providing for the filing, in three places, of all this information?—A. I cannot say off-hand about that agreement but I would be willing to say that I presume there is such a one in existence.

Q. It has been filed by your counsel as being in existence?—A. I imagine that is correct.

Q. And it has the usual provisions, providing for cabin, and second-class fares being a certain amount over the steerage fares?—A. Yes. I think all these agreements are very similar. They may vary in one or two conditions.

Q. Those three agreements, which I have given you cover the whole immigrant traffic to Canada, from the United Kingdom and the Continent?—A. Yes.

Q. From the United Kingdom and all continental ports, including Scandinavia, Petrograd, and the Mediterranean?—A. Scandinavian and Finnish.

Q. That is the system that is in effect to-day?—A. Virtually, yes.

Q. The fare of an emigrant to-day is higher, is it not, than a first-class saloon passage was in 1914, or about the same, is it not?—A. The figures there will show you that. I think that statement is very clear, that he pretty near gets the same accommodation to-day under the improved condition.

Q. He is pretty lucky if he does?—A. For instance first-class rates, in 1900, ranged from \$67.50 to \$92.50.

Q. Where are you reading from?—A. The top table, Mr. Symington.

Q. Yes, I see.—A. You will find all the information you want on rates, as nearly as we can get them, in those periods

Q. My statement seems to be correct. It is my memory, of crossing on the Alsatian and Calgarian, for about \$90, in 1914, in an outside cabin?—
A. You are to be congratulated on your memory.

Q. That would be about the emigrant rate to-day?—A. Yes.

Q. Now then, does the emigrant to-day take up anything like the space that a first-class saloon passenger took up in 1914?—A. I cannot say exactly in cubic feet, but very nearly, Mr. Symington.

Q. Surely not?—A. Very nearly. It depends altogether on the class or type of first-class accommodation he gets. There are one, two, three and four berth rooms, cabin and first-class to-day, and there are suites of rooms, sitting room, bath room and all that kind of thing. It depends upon what room want to make the comparison on. A two berthed room to-day will probably take nearly as much cubic measurement as a third-class cabin down below, to-day. I would, just from observation, say that. We can measure them up and tell you.

Q. You suggest then that the cubic capacity, which is the one basis upon which you put your third-class rates, the emigrant to-day has as much space practically, as a first-class saloon passenger. I was in one, with another man, in an outside suite of rooms on the Alsatian?—A. Pardon me. I am not suggesting. I am trying to answer your question, and it must be very clearly qualified that it depends on what class of cabin, what type of first-class cabin you were making your comparison with as regards a third-class room.

Q. Two people in an outside cabin?—A. There are some pretty large outside steerage rooms to-day.

Q. Outside steerage rooms?—A. Yes, with a porthole in them. Then, that would again depend upon the ship.

Q. Would you suggest also that the care of those people, I mean the meals and so on, compare at all with the first class meals which they got in 1914?—
A. I would say that the third class meal to-day is equal to a first class meal around 1900.

Q. Around 1900?—A. Yes, and bring it up a little farther than that; probably 1905.

Q. What is your virtue in telling that what we have always understood as third class immigration facilities have largely been wiped out? It has been converted into a higher standard?—A. It is a very much higher standard. We have tried to make that very plain.

Q. You have never tried then, as I understand your evidence, getting emigration traffic with less service, and a lower rate?—A. I would not want to take the risk of putting any money into a ship and cater for third-class traffic, and give inferior accommodation to other lines, even at a lower rate to-day.

Q. What suggests itself to my mind is that I understand there is, you say, or somebody has said, a very strong competition in service to-day?—A. There is.

Q. There is no competition in rates?—A. No. The lines, to get anywhere with their finances, must compare notes.

Q. I do not want to argue it. There is no competition in rates to-day.—
A. Practically none.

Q. But there is very fierce competition in service?—A. Yes.

Q. And has that not resulted then, Mr. Maughan, in a race of facilities between these lines, there being no competition in the matter of rates?—A. There has been a very marked improvement in the accommodation, brought about by competitive conditions.

Q. And one that is continuing, if I may put it, in greater extravagance with every boat that is built?—A. Yes, every boat is an improvement over the previous one.

[Mr. Walter Maughan.]

Q. And there are new boats coming into the service here all the time, every year?—A. Yes, there have been two or three in the St. Lawrence trade this year.

Q. All of which have higher class facilities for immigrants than the previous one?—A. There are certain improvements, yes.

Q. And higher class accommodation, more extravagance for the first-class passenger?—A. Well, correspondingly higher grades of accommodation are becoming more elaborate. The passengers demand them.

Q. All of which I suppose costs more to operate.—A. Naturally.

Q. Which must be paid for by those who travel upon the ships, or by the cargo the boat carried?—A. The earnings of the ship, yes.

Q. Now when you made the answer to my friend about losing money, did you intend to tell us that you had lost money upon your steerage services?—A. I think it has been very clearly established here, Mr. Symington, that it is impossible to arbitrarily segregate the earnings of a ship against any one section, even as between freight and passenger, so therefore it would be further more difficult to segregate passenger earnings into classes.

Q. Then the answer to my question I take it is, that you did not intend to indicate to the Committee whether you had or had not lost money on the immigrant or third-class passenger?—A. No, we have lost money on the general operation. The earnings are not segregated or charged against any particular class of traffic either freight or passenger.

The CHAIRMAN: Mr. Symington, let me ask the witness one question to clear this up in my own mind as well as the minds of other members of the Committee.

By the Chairman:

Q. Do I understand that as far as passenger rates are concerned: first-class, second and third-class, there is practically no competition as far as rates are concerned, the competition being limited to competition in service?—A. Really the principal competition to-day is in service. There are understandings as to rates between the lines. There have been those understandings back as far as 1868, according to the evidence of Mr. George Hanna in a Supreme Court case in, I think, 1912, in the United States. His evidence was accepted that the lines in 1868 had understandings.

By Hon. Mr. Stevens:

Q. Is there anything to hinder a steamship company fitting up a ship and carrying immigrants in accommodation similar to what they did in 1900 and along there?—A. Any agreement as between the present lines?

Q. No, any steamship company, outside of those that are in this agreement.—A. No, I don't know of anything that would prohibit it, Mr. Stevens.

By the Chairman:

Q. Are there not certain regulations laid down by the British Board of Trade, that passengers are to have certain minimum space and certain minimum food? I think so.—A. Yes sir.

Mr. MONTGOMERY, K.C.: I understood him to say he would not put his money into any such venture.

The CHAIRMAN: He said so but I think I am right in suggesting that question.

The WITNESS: The British Board of Trade have certain regulations that provide for certain cubic space for each passenger. The Continental Governments, before you can get a concession to do business, insist on you complying with certain very stringent emigration regulations, which provide for medical services accompanying them, cubic space to be occupied, and a thousand and one other things.

[Mr. Walter Maughan.]

By Hon. Mr. Stevens:

Q. Have those been changed since 1900?—A. Oh yes. I think some of them were changed in the last two or three years. Since the war.

By the Chairman:

Q. For instance, if you proposed to fit up a boat for immigrant service, such as I remember seeing when I went to England as a small boy in about 1884, with tiers of bunks, with perhaps thirty or forty bunks together in the same compartment, would that be allowed by the present regulations.—A. It would not be permitted to-day, sir.

By Mr. Symington, K.C.:

Q. That would not be permitted?—A. No, I understand it will not be permitted.

Q. Possibly we might clear that up by getting a copy of those regulations, if you have them.—A. I have not got them.

Mr. SYMINGTON, K.C.: The whole point at issue is, if you cannot by regulation carry immigrants to-day in the same form that you could when you had the rate of \$19 or \$20 or whatever it was, a trip, what is the use of talking about reducing the immigrant rates to this pre-war basis?

By Mr. Symington, K.C.:

Q. You do not suggest for a minute, do you, Mr. Maughan, that under the regulations you have to give the service that the lines are giving the steerage passengers?—A. The maximum service we are giving to-day, no. I am not intending to convey that for a second; but I am contending that you could not just throw a ship open and herd people on it and get away with it to-day.

Sir EUGENE Fiset: These regulations have been applied by the different Boards of Hygiene in each country, requiring that a man must have a certain cubic feet of air space. That is where the difficulty comes in.

By Mr. Symington, K.C.:

Q. Quite so. He must have a certain number of cubic feet per passenger, that is true. How about the South American trade, do the regulations apply to those ships also?—A. We are not in the South American trade and I cannot tell you.

Q. You do not know anything about it?—A. No.

Q. You have not compared to see if the system is the same there?—A. Nothing except that we have had ships touching at South American ports and we knew they were complying with the regulations. Ours were cruising ships, not emigrant ships.

Q. Then you cannot tell us whether or not the accommodation to South America is or is not fairly satisfactory?—A. I am sorry, sir, I know absolutely nothing about it.

Q. Can you give us any information about the rates to South America?—A. I cannot.

Q. Does your company not make comparisons of these things?—A. No. We have got to find out what the particular services we are concerned in are costing us and how to make money out of them.

Q. My instructions are that the emigration from Europe, to a large extent is going to South America, or very much larger then to Canada. You have not looked into that feature at all as to rates or accommodation?—A. No, as I said this morning, relatively speaking, the movement to Australia from Great Britain is increasing and at an increased rate of fare.

Q. At a rate which you gave us?—A. To-day I think it is \$185.

Q. An increase from \$90 in 1911 or 1913, to \$185.—A. Yes, in 1923 it was \$200.

[Mr. Walter Maughan.]

Mr. MONTGOMERY, K.C.: You are not suggesting that it is British emigration that is going to South America? My instructions are that it is Italian and other nations of Southern Europe; chiefly Latin.

By Mr. Symington, K.C.:

Q. The Conference lines cover the Continent just the same. How long does the trip to Australia take?—A. It depends on your route. And whether you go via Vancouver or wholly by sea; get on a ship and go through the Canal.

Q. I am referring to emigrant passengers.—A. The voyage takes somewhere in the neighbourhood of 22 days, but that is a guess on my part; I have not checked it up. I would say 22 to 25 days as a pure and simple guess.

By Mr. McKay:

Q. That is direct?—A. Direct from say Liverpool or London to Sydney.

Mr. RINFRET: Through the Panama Canal?

Mr. MONTGOMERY, K.C.: Through the Mediterranean and Suez.

The WITNESS: Around through the Mediterranean and Suez.

By Mr. Symington, K.C.:

Q. What about New Zealand, Mr. Maughan; do you know anything about New Zealand?—A. I know this, that the rates to New Zealand from Liverpool increased higher than to Sydney. I am speaking of Auckland.

Q. I have an article here of May 15th, 1925:—

“A new immigration agreement between New Zealand and Great Britain effective May 1st, remains in force for three years. Between 17 and 19 years a person paying five pounds fifteen shillings will travel to New Zealand free.”

That is under this agreement of assistance?—A. Our Department of Immigration bring people from Great Britain here, as far as the initial payment is concerned.

Q. I am directing your attention to the rate of five pounds fifteen shillings?—A. That may be the fare that the Government is paying or that the passenger is paying, but the latest advice we can get from the other side by cable is that the rate from Liverpool to Auckland prior to 1913 was seventeen pounds, or about \$85; from 1913 to 1915, \$95; then there is a blank, and from 1920 to 1922 it went up to \$205, and to-day or rather from 1922 to date the rate is reduced down to \$185. We also have a special rate, Mr. Symington, that the Immigration Department gets advantage of, a special rate on immigrants from the United Kingdom to Canada. That might be under some such arrangement as that, I could not say.

Q. It says:—

“Other reductions are, single women over 19 years, married couples without families, from 16 pounds 10 shillings to 11 pounds.”

While this is an article in a paper which I am reading, it came from the Immigration Department here, that is, that there was a reduction under this new arrangement?

Mr. MONTGOMERY, K.C.: That was an assistance.

Mr. SYMINGTON, K.C.: May be it was an assistance scheme.

By Mr. Symington, K.C.:

Q. I am not asking you to take the reduced rates on the assistance scheme, but before the assistance scheme; that is what I am talking about. I say that this article says that there were other reductions, single women over 19 years

[Mr. Walter Maughan.]

and married couples without families were reduced from 16 pounds 10 shillings to 11 pounds. If that is true, the rate was less than \$80, and it is now down to 11 pounds?—A. Probably the Government is paying one-half of it and the passenger the other half; I don't know anything about that. The rates we have that apply to the general public apply to those I have given you, and we have them by cable within the last ten days, I would say.

Q. We had better get the emigration authorities to give that to us; you do not know anything about these rates?—A. No. I have read several articles recently on what the Australian Government is prepared to do to get white settlers into Australia. They will take a family of children of a certain age free, and pay part of the father's passage; he is only to pay back one-half of his passage, and even gets credit for that.

By Hon. Mr. Stevens:

Q. The Government does that?—A. The Government does that.

By Mr. Symington, K.C.:

Q. Single men under 19 were reduced from 16 pounds 10 shillings to 11 pounds. You know nothing about the rate before the reduction.—A. No. The only rates I have are the ones I developed from cables.

Q. Do you know anything about these rates, or are these the only rates you know about?—A. These are the last rates, as far as I know, that we have developed by cable within the last few days.

Q. Developed by cable from where?—A. Developed by cable from our European General Manager in London, England.

By Mr. Rinfret:

Q. Might I interject a question here? I notice in comparing the rates to Australia and New Zealand that the pound rate has been put at \$5; that would make a difference of 15 cents on the dollar anyway, at the present time, but as to 1920 there were certain times in which the difference was much larger than that. I do not think these figures should be taken without that reservation.

The WITNESS: It is very easy to develop the rate in effect for each year. We did this because we were developing it by cable.

By Mr. Rinfret:

Q. I just want to point out that when we have the rates from Liverpool to Australia in 1921 as 40 pounds, \$200, at that time the 40 pounds did not represent \$200 at all.—A. We have a foot note, Mr. Rinfret, that the conversion from sterling made quite a difference.

Q. It would only mean a difference of about 14 cents.—A. At that time the Pound was away down.

Mr. MONTGOMERY, K.C.: That would be right if it had anything to do with the exchange in this country.

Mr. RINFRET: I am only comparing what it cost the Australians with what it cost the British.

Mr. MONTGOMERY, K.C.: The rate of exchange, or the depreciated sterling, as it was in the United States or in Canada would not have any influence on the rate over there. On account of the movement of money, that would not mean necessarily that the Pound stood depreciated as between London and Australia.

Mr. RINFRET: It is a very complex question.

Mr. MONTGOMERY, K.C.: It certainly is a complex question.

By Hon. Mr. Stevens:

Q. Disregarding the dollar, you got your comparison in Pounds?—A. That was only put in as a matter of illustration.

[Mr. Walter Maughan.]

Hon. Mr. STEVENS: We would have to deduct somewhere about 4 per cent.

The CHAIRMAN: If they compared the Pound, if both rates were originally in Pounds and were both now changed to dollars, each of them on the basis of \$5, it would not make a very great difference.

The WITNESS: Really the rates quoted in the other tables, you buy Pounds on the other side, and they are converted. It is merely to illustrate the two currencies.

By Mr. Symington, K.C.:

Q. Just to clear up one or two points, Mr. Maughan, in the beginning of your evidence you spoke of the expenses of the European agencies. Those are included in the operating costs of the railway and the steamship lines, are they not?—A. The Canadian Pacific Railway Company pay the expenses.

Q. And the cost of the irrigation is included in the Land Department expenses?—A. The Colonization Department.

Q. And the Colonization Department?—A. Yes.

Q. And the irrigated land sells at a great deal higher figure than the unirrigated land?—A. The land is practically useless without irrigation.

Q. In your Reports each year, all these expenses are charged up to irrigation, you have told us?—A. That expense is definitely charged to the Colonization Department, just the same as our Traffic Department has certain expenses.

Q. You have a Colonization Department in respect of your lands?—A. Those are expenses not after taking into consideration any profits on land sales.

Q. No, but the charge against your lands and the proceeds thereof these colonization expenses?—A. I would imagine eventually, yes, but that is the amount expended under Colonization, without any regard to the value of the land.

Q. Then I notice an article by Colonel Dennis, who is in charge of your immigration work, is he not?—A. He is the Commissioner of Colonization.

Q. Did you notice a report of his speech the other day?—A. Yes, and I have spoken to him since.

Q. He is reported as saying that the proposed immigrants cannot be adapted in this country?—A. No, sir, he said they had no money, and he told me to-day that they might possibly come, and if they got their tickets the rate hasn't got anything to do with it.

Q. He made the explanation, but he is reported to have said that the proposed immigrants could not be adapted to this country?—A. That if the fare was one and a half, the conditions would be the same.

Q. The conditions would be the same, you think?—A. Yes.

Q. According to your evidence, I take it that you can hold out absolutely no hope for lower immigration rates, under present conditions?—A. There is absolutely no hope for lower immigration rates; you are quite correct.

Q. And, so far as you can see, can you hold out any hope, with the service you are giving?—A. I cannot see into the future, Mr. Symington, as to what the regulations will be in causing a free movement. Once again please allow me to be very clear upon that, and to say that I am not criticizing any person in any sense.

Q. I am asking you as an operating man, Mr. Maughan. Knowing the class of service you claim to be giving, and knowing the increased service that is being crowded on every new boat, can you see any possible hope or anticipation of lower immigration rates?—A. The only way a reduction in rates can take place is by an increase in the flow of immigrants.

By Sir Eugene Fiset:

Q. Or competition, I suppose?—A. Well no, the competition does not enter into it there, General; it is purely a matter of the number that are allowed to come into the country.

[Mr. Walter Maughan.]

By Mr. Symington, K.C.:

Q. And although, Mr. Maughan, as I pointed out to you, there was a tremendous increase from 5,000 to 150,000 a year during those years in which, even taking the figures at their best, there was no reduction in rates, do you think that the increase would produce a reduction now?—A. The increase in numbers?

Q. In numbers?—A. I said before that if we were sure, definitely sure that we could have a big movement of immigrants, we would be very glad to give consideration to reducing the rates, but under the present limited movement we cannot afford to do it.

By the Chairman:

Q. May I just interject a question here, a question suggested to me by one of the committee. Have Canadian Pacific ships, Mr. Maughan, been carrying immigrants whose final destination was the United States, as well as those to Canada, to any extent?

Sir HENRY DRAYTON: That is on page seven.

The WITNESS: Yes, we handle immigrants to United States points via Canadian ports, and for the fiscal year ending June 30th, 1924, all the Canadian lines handled approximately 18,400 immigrants.

Q. Then the quota law of the United States would have a depressing effect on the flow of immigrants via Canada, just the same as directly to the United States?—A. Yes, but not to the same extent.

Sir HENRY DRAYTON: If you look at page six of this Reply, you will find it all; you will find the figures given for 1924, 18,140, 1923, 10,911 and so on. The whole thing is there.

The WITNESS: I think it was something over 18,000.

By Mr. Duff:

Q. Would those 18,000 be included in that 200,000 you spoke of?—A. No.

Sir HENRY DRAYTON: That is separate.

By Mr. Duff:

Q. They go in bond?—A. The United States Department of Labour, immigration service, have inspectors at the ports just the same as they have customs men, to facilitate their movement through. They are in bond, as far as Canada is concerned.

By Sir Eugene Fiset:

Q. Do you include those in the proportion which you gave us in the beginning of your examination of Canadians coming in via your ships?—A. Yes, they are in our earnings the same as the others.

By Mr. Symington, K.C.:

Q. What I was trying to get at is, is there any assurance, in view of the fact that when immigration did increase so tremendously as it did through a certain number of years when there was no decrease in price—in fact there was a small increase—that now, if there was an increase the fares would come down?—A. My personal opinion is yes.

Q. Why?—A. Because we would get sufficient money, in the first place, on the turnover because of the increased numbers, to be able to afford it.

Q. In the light of the situation as it is, why do you go on placing these highly expensive boats on the route, new boats?—A. They are demanded by competition. We cannot stand out alone with inferior boats against superior ones, and hope to get any business. The competition in that respect is the same as in hotels or automobiles or anything else.

[Mr. Walter Maughan.]

Q. Although you tell us that the services are not remunerative, none the less you go on and the lines go on—because they are all Conference lines—increasing expenses by the class of boats they are putting on the services?—A. We would be in a terrible fix, Mr. Symington, if we ever gave up hope.

Q. That is your answer, is it?—A. Yes.

By Mr. Duff:

Q. Mr. Maughan, what would you say would happen if five boats, or a number of boats, were put on the route which reduced the rate from \$80 to \$60? What would happen then with the other Conference lines?—A. The \$60 boats would probably get some business.

Q. Would not the Conference boats have to reduce their rates?—A. No, I do not think they would.

Q. They would still carry them at \$80?—A. Yes. Of course, it would depend on the ship that made the \$60 rate.

By Sir Henry Drayton:

Q. I suppose they would travel at the \$60 rate if they got as good accommodation?—A. Yes, if they could, but it cannot be provided. It gets back to the question of whether you want to buy a Ford or a Rolls-Royce.

By Mr. Flintoft:

Q. Mr. Maughan, is it not a fact that in providing immigration accommodation you are not only in competition with the Canadian lines, but you have competition with the United States lines?—A. The monster ships operating to New York are direct competitors of ours.

Q. And you have to provide this accommodation?—A. To meet that competition.

Q. By the monster ships, you mean the Aquitania?—A. The Aquitania, Majestic, Leviathan, and those ships.

By Mr. Kennedy (Glengarry):

Q. Can you tell us, Mr. Maughan, how many boats are engaged in the immigrant business into Canada, during the last four or five years?—A. I could not tell you offhand for the other lines, but we have twelve. All the lines are in the Reply, that little white booklet.

Mr. SYMINGTON, K.C.: I think you will find it in the list of boats filed, for 1922 and 1923.

Mr. FLINTOFT: On page 36 of the Lines' Reply you will find the number of sailings, total tonnage, average size of ship, average number of passengers per sailing and so on.

By Mr. Rinfret:

Q. Mr. Maughan, could you tell us this, are there a large number of Canadian immigrants come through United States ports?—A. Not a large number, Mr. Rinfret; there are some.

Q. Have you any idea what proportion?—A. No; it would be a very low percentage.

Q. More than 10 per cent?—A. I think it would be less than 10 per cent. Again, that is a guess.

By Mr. Shaw:

Q. I would like you to amplify your answer to Mr. Duff. Presuming that this Petersen contract is approved by Parliament, and ten ships are placed on the North Atlantic to carry immigrants, with the rate under government control, and presuming that the rates are fixed say \$20 lower than the rates now in effect,

[Mr. Walter Maughan.]

do you say your boats would not meet that competition?—A. I am only speaking for my own line. I do not believe we would meet it.

Q. Will you amplify that and tell us why?—A. Because it would depend on what accommodation these other boats provided. Personally I do not see with the present movement how they could afford to make a \$60 rate if they put up the accommodation we put up.

The CHAIRMAN: They might have a subsidy to fall back on.

Mr. SHAW: The plan is to subsidize them.

Hon. Mr. STEVENS: You could cut your rates if you were subsidized in the same way.

By Mr. Duff:

Q. Supposing the immigrants were satisfied with the accommodation given by these boats at \$60; what would you do then?—A. I do not know, Mr. Duff; that is a bridge we will have to cross when we come to it. I imagine some of the lines would employ their ships in other lines where it would pay.

By Mr. Shaw:

Q. Do you think any of the Conference ships would meet the lower rates?—A. That would be a guess on my part. We would have to meet the situation when we came to it.

By Mr. Symington, K.C.:

Q. What other routes could you go to? I have been unable to find any profitable ones.—A. Speaking for our own company we could not go to any, because our ships have to feed our own lines. I merely say that that is the history of the shipping in the world; any steamship company that can operate freely on the high seas will naturally seek the most lucrative rates. Unfortunately, we are not in that position; our whole interest is bound up in the success of the Dominion.

Q. I have just one question for Mr. Kennedy, along that line. As I understand it, the capacity of the boats per passenger and immigrant from 1920 to 1924 has greatly increased?—A. That is due to the extra number of boats.

Q. And it is continuing to increase?—A. And the individual passenger-carrying capacity per ship is about cut in half.

Q. And the boats are still continuing to increase?—A. Yes.

By Mr. Kennedy (Glengarry):

Q. Why should they do that if they are losing money?—A. There were certain other services put on, which had been taken off. There is a service of two boats running to New York to-day.

Q. Could you give us the increase per year from 1921 to 1925?—A. That is obtainable, yes. It gets down to a matter of each ship of each line and what its carrying capacity is. It is purely a matter of arithmetic. I have not got it; I do not think it is compiled; but it is only a matter of taking each ship for each line and adding them together.

Q. But your information is that there has been an increase?—A. Offhand yes.

The CHAIRMAN: Have we finished with the passengers? If so, we will proceed to another item of business. I am sure we thank you, Mr. Maughan, for your illuminating and interesting evidence.

Witness discharged.

The CHAIRMAN: Who is the next witness?

[Mr. Walter Maughan.]

WILLIAM THOMAS ROCHESTER PRESTON recalled.

By Sir Henry Drayton:

Q. Mr. Preston, since we adjourned your evidence, the file of letters has been produced. I see it starts—

Mr. DUFF: Have we decided to go into that confidential correspondence?

Sir HENRY DRAYTON: The Minister has now produced it.

By Sir Henry Drayton:

Q. I see this file commences with a letter of March 7, 1924?—A. Yes, Sir Henry.

Q. Then there are a lot of letters I shall not bother with, but looking through them I have difficulty in seeing when the “frank statement” was first reported to Mr. Low; that is, the alternative proposition, which has been referred to before.

By Sir Henry Drayton:

Q. When was it that the “frank statement” first got over to Mr. Low?—A. I am inclined to think I showed it to him when he came to London.

Q. So he did not know about it until he got to London?—A. I do not think so.

Q. Then the next letter, I notice, and to which I will draw your attention, is the letter of the 28th of April?—A. Yes, sir.

Q. In which you say, “I am in touch with interests outside of the Conference which do not look unfavourably upon some kind of an arrangement whereby the Government of Canada will be practically in control of freight rates”?—A. I see it, yes.

Q. Who were those interests with whom you were in touch?—A. Those interests in April, were, I think, the Lord Inchcape interests.

Q. It looked to me from the correspondence as if that came later on. Can you think of any others?—A. No, I cannot, at the moment.

Q. The reason I asked that was I thought the Inchcape matter first came up in a cable of May 13th, 1924, which I think we have already had?—A. Well, Sir Henry, there were—I cannot say exactly—I think three or four or five meetings before that point was reached.

Q. You remember the cable to which I refer, the one where you authorized conversation, and in which it says “Started with Preston and followed by myself”, and signed “Larkin”?—A. That was in May.

By Sir Henry Drayton:

Q. Then on the same day you had that wire sent, you wrote a letter to Mr. Low, in which you say that you received to-day from the High Commissioner, a cable, which is self explanatory, and for obvious reasons “I thought it better to send in this form.” What were the obvious reasons?—A. I preferred sending it through the High Commissioner, as I had been consulting him. I made a report to him and he thought he would write the Minister about it. I think that was the reason.

Q. You thought it would be better to have it in his name? Those were the obvious reasons?—A. That it would go through in that form.

Q. “Until we get closer I cannot tell what shape the negotiations may take.” Those were the negotiations, I suppose, with Lord Inchcape?—A. Yes.

Q. Then you say before this “but this does not, by any means offer the only avenue for business,” what other avenues were open at that time?—A. I had others in my mind’s eye. I had nothing definite.

[Mr. William T. R. Preston.]

Q. Who did you have in your mind's eye at that time?—A. I had Sir William Petersen.

Q. Yes.—A. I had Lord Kysant.

Q. When did he take form in your mind's eye?—A. I looked upon him as a possibility but I could not tell you how soon.

Q. That was before you got in touch—

By Mr. Symington, K.C.:

Q. Did you finish who you had in your mind's eye?—A. No. In another case I had Howard Houlder and his associates. I thought perhaps I might get in touch there. Then it was purely problematical in my own mind.

Mr. SHAW: I did not get the date of that.

Sir HENRY DRAYTON: The date of that is the third of May, 1924.

By Sir Henry Drayton:

Q. Then, you wrote on May fourteenth, 1924, to Mr. Low, giving him your advice as to the rate situation?—A. The fourteenth?

Q. May, fourteenth. You wrote him on May, fourteen. "I think there should be a reduction on present ocean freight rates generally to one-half the present conference rates, these to include ordinary natural products, manufactured articles and cattle"?—A. Yes.

Q. What rates had you before you at that time?—A. I had no particular rates.

Q. No particular rates?—A. No.

Q. Then on May 29th, the second paragraph of the letter, again to Mr. Low:

"However, I am finally in close touch with the bigger interests of the combine."

Which were these bigger interests you were in touch with?—A. Oh! no, that is the second paragraph.

Q. Yes.

"However, I am finally in close touch with the bigger interests of the combine."

—A. That was when we were coming to close grips with the Lord Kysant interests.

By Sir Henry Drayton:

Q. "With the bigger interests of the combine." Who were they?—A. The Lord Inchcape interests.

Q. That is when you wired sometime before about that?—A. Yes. A meeting had been previously—I think the meetings continued with them and with the Inchcape interests, until the latter part of May.

Q. Finally that is all that you have reference to there, under that term, "the bigger interests of the combine."—A. Yes.

Q. Later on you say "the result of these representations—" that is the fifth paragraph?—A. I had better read it through before giving an answer.

Q. "The result of these representations to the influential persons referred to is that I am being placed in communication with the practical heads of the Atlantic Transportation Department."—A. That would be Lord Kysant.

Q. That is who you referred to there?—A. Yes.

Q. How many heads was he putting you in contact with?—A. He was only putting me in contact, at the time, with Mr. Allsop, the General Manager.

Q. So the term "practical heads of the Atlantic Transportation Department," has reference to Mr. Allsop, the one gentleman, the general manager?
—A. Yes.

Q. Now then, Mr. Preston, on the third of June, you got out a formal memorandum "re suggested Atlantic Steamship Service," have you got that one?—A. The third of June?

Q. Yes. Do you see that formal memorandum "re suggested Atlantic Steamship Service?"—A. Yes.

Q. Whom did that go to?—A. This one here evidently—I could not tell you, at the moment, whether that went to the Kysant or the Inchcape interests; one or the other.

Q. Either the Kysant or the Inchcape interests?—A. Yes.

Q. Kysant or Inchcape?—A. Yes.

Q. This one is very much similar to what is referred to in your own report as a frank statement of the case, is it not?—A. Yes.

Q. I do not notice how that comes to the Minister. Did you give the Minister instructions on that at that time?—A. I got no—

Q. I do not see any covering letter, sending it to the Minister. I see no instructions to the Minister at all?—A. No.

Q. So we cannot find that. It is not my oversight; it is not there?—A. No, it is not there.

Q. And the only people that it went to would be, as you told us, Lord Inchcape and Lord Kysant?—A. Later on, the same thing would have gone to Sir William Petersen and it would be later than that.

Q. Then, there is a cablegram of June 30th, 1924. Have you got that one? That is one sent by you to the Department, signed "Preston?"—A. Yes.

Q. "Responsible company now preparing to negotiate for Atlantic service, embracing immigration, cattle, grain, and general cargoes, in accordance with Government policy. Absolute secrecy essential to communications, account of opposing influence. Avoid publicity until completed. No question about financing," etc. Now does that refer to the person?—A. That refers to the person.

The CHAIRMAN: What date is that sir?

Sir HENRY DRAYTON: June 30th.

The WITNESS: June 30, 1924.

By Sir Henry Drayton:

Q. Then you wrote your letter, which just covers that; I do not think it has anything in it of importance; confirming your cable. Then you have "private and confidential." A memorandum which sets out terms. "X is prepared to negotiate with the Government for a steamship service between Canada and Great Britain." Am I right in assuming "X" to be Sir William Petersen?—A. "X" to be Sir William Petersen.

Q. First, to be independent and free from control.—A. Of the Atlantic Steamship Combine or Conference.

Q. That is the first. Second, the Government to have control of the transportation rates to be charged. Third, emigration rates. Great Britain and Continent of Europe, not exceeding £6 or £8 from European ports to Canadian ports, rates per capita. Calculation of space for cattle to be upon a profitable basis. Freight rates on natural and manufactured products to be advantageous to producers seeking markets overseas, and so on. "X" is under contract and is now building a fleet of ten of the highest class ships, of the most modern type, with internal combustion engines." Have you verified that statement, Mr. Preston?—A. Well, I understood that from

[Mr. William T. R. Preston.]

Sir William Petersen. Either that, or he was going to; but I understood in sending this off, that he had entered into a contract to build those ships.

Q. You would not then say he had done it if he had told you he was contemplating it? You would have given the Minister the truth of course?—A. Well, I understood Sir William had contracts of that kind under process of completion.

The CHAIRMAN: I did not catch that last answer.

The WITNESS: That he had contracts, well, practically made.

By the Chairman:

Q. What is "practically made," Mr. Preston?—A. Well, that he had the contracts effected, or the contracts made

Sir HENRY DRAYTON: That is what he says, "X is under contract and is now building." It is not any question of proposed contracts?—A. No.

Q. "X is under contract and is now building a fleet of ten of the highest class ships of the most modern type." Now am I right in understanding, as I do, that that memorandum was drawn before the Hon. Mr. Low got over?—

A. Oh yes, certainly. Oh, absolutely.

Q. That is what I thought.

The CHAIRMAN: May I interject a question here?

Sir HENRY DRAYTON: Certainly.

By the Chairman:

Q. Who gave you that information, Mr. Preston?—A. Sir William Petersen.

Q. Did he indicate where those ships were being built?—A. He did not.

Q. Did you enquire?—A. I did not.

Q. Is that the first mention of the subsidy?—A. I think so, Sir Henry; I think so.

Q. That is the first one I find, but I wanted to be sure that I was understanding the file properly. What was the date again that Mr. Low got over?—A. I could not tell you, but my accounts are here. They will probably fix it. I think it was some time in August; I simply do not know.

Q. From this file, apparently, you came back, and then returned to London; is that right?—A. That is quite right.

Q. That is what I understand?—A. Yes.

Q. When did you return to England?—A. I left here, I think, on the 26th of January.

Q. For your return voyage there?—A. Yes.

Q. There is a cable of September 19th, 1924?—A. Yes.

Q. Signed by you and going to the Department?—A. Yes.

Q. In which you say, "Not sailing pending your probable telegraphic instructions regarding strictly confidential question." What were those questions?—

A. That was the question of the negotiations with Sir William Petersen. When Mr. Low left London, of course he had not completed anything, and I was to remain there pending instructions from him. If he wanted to communicate anything confidential to Sir William Petersen, I was to tell him.

Q. "Certain persons anxious not to introduce other channel." I suppose he wanted to keep you there so that there would be no other channel of communication?—A. That is right.

Q. That is how I would understand that?—A. Yes.

Q. Then there is a cable from the Minister apparently from Renfrew?—A. Of what date?

Q. September 29th, 1924?—A. Yes.

Q. "We are ready to discuss matter with Jones"?—A. Yes.

[Mr. William T. R. Preston.]

Q. Who is Jones?—A. Jones was Sir William Petersen, intended for Sir William Petersen. It was thought better that his name should be withheld from all letters or cables, lest the negotiations should leak out.

Q. So that when we see "Sir William" it is him, and when we see the word "Jones" it is him too?—A. Yes.

Q. September 30th, 1924: "As soon as I received your cable this morning, I got in touch with X." That would be Jones?—A. That would be Sir William.

Q. Apparently then from the cables, you left in October for Canada; did you have to do with the negotiations in Canada, Mr. Preston, or did Mr. Low?—A. No.

Q. You did not?—A. I had nothing whatever to do with them; in fact I got out of the way every time there was a risk or a chance of Sir William Petersen and Mr. Low meeting.

Q. Then you returned in the winter?—A. I left here, I think, on the 26th of January.

Q. It must have been about that time, because I notice a cable from you to the Department that you had seen Sir William Petersen, "everything right, telegraph Monday perhaps purchase the entire Government Marine." That is the cable of February 6th, 1925?—A. February 6th.

Q. Then I notice a cable to you "care of Senate, London"?—A. Who is Senate?

Q. I am puzzled about that myself?—A. I think that is one of the cable addresses, it must be of the High Commissioner's office. I had never seen it before, so I don't know. However, the cable reached me.

Q. Is that Sir William Petersen's cable address?—A. I don't know.

Q. It would not be his?—A. I don't know.

Q. So that it would be something that would come in to the office?—A. I asked at the time how it was addressed to Senate, and someone in the office, I could not tell you who, told me that it was an address in the office.

Q. The last thing I will trouble you with is a cable of March 1st; "Please consider carefully my recommendation in London letter to make provision for operating expenses in the bill ratifying contract." What are those expenses?—A. The ordinary operating expenses, shipping expenses. If you wish, I will tell you how that cable, or that telegram came about. I met Sir William Petersen or some of his financial associates, and they complained that there was a fear respecting the subsidy, or respecting the operation of his Line, unless there was some provision made outside of the mere mention of Government control of rates, that there should be an understanding that ordinary straight operating expenses should be taken into consideration.

Q. In fixing rates?—A. In fixing rates. These financial men, at least one of them said another Government might come into power, that it might be all right with this Government, but in course of time another Government would come into power with a change in public opinion, and in that event, if the Government did not look favourably upon the service, it could with one fell blow, ruin the service, and they wanted, in view of the financial aspect of the case, to be assured that operating expenses would be allowed, so that the rates would not be cut down beyond and possibility of paying. That is how that matter came about.

Q. Let us see how you would understand that. Mr. Preston; what was the scheme, how was it to be got at?—A. Through the accountants, and I presume just such papers as the Captain produced here the other night.

Q. What is your idea of allocation in connection with those expenses, having regard to the different commodities carried?—A. I had no other idea than just the operating costs, voyage costs or whatever they might be, of the service.

Q. Was it the idea that these expenses were to be allowed to be earned over and above all that subsidy?—A. I could not tell you as to that.

Q. What form was it to be in?—A. There was nothing put in writing, Sir Henry; there was just a discussion by these people, about some provision being made so that an adverse Government, should there be one, desiring to destroy the service, should not have it in its power to do so.

Q. Who are these people who told you that; who were they?—A. I could not give you their names; they were introduced to me as persons with whom Sir William was treating regarding the general management of things.

Q. Your confidence would not allow you to give away their names?—A. I don't know. I had never met them before and have never met them since.

Q. Was it worked out at all to show how that provision should come in?—A. No. It was a matter for the Minister here to make provision for.

Q. You apparently discussed it with the Minister, besides that cable?—A. After I came out, after I came back.

Q. But before that I think there is a reference in that cable to another source of possible information; "Please consider carefully my recommendation in London letter." Can you tell me which letter that is?—A. No, I could not.

Q. Well, is it on this file? Because frankly, I cannot find it. It is the letter of the most importance, because it will give us something definite to show what was the basis of the negotiations.—A. No, I do not see any letter on the file.

The CHAIRMAN: Sir Henry, would you mind if we adjourned now?

Sir HENRY DRAYTON: Perhaps the Minister could let us have that letter, because this file is by no means complete. Anyone going through it can see it is not at all complete; you will see references in connection with dates showing it has not been tied up, and this question of operating expenses is something which is really of interest. It is set out in this London letter, and it cannot be a very old matter, because this cable is the last thing on file, and it is of March 1st of this year, and I should think the letter would be about that date. But it is not here. There is no March letter here.

The CHAIRMAN: Hon. Mr. Sinclair will draw this to the attention of his colleague. Shall we adjourn now until 3.30 o'clock next Tuesday?

The witness retired.

The committee adjourned.

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 21—Tuesday, May 26, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. T. R. Preston, Ottawa, Gentleman (*Continued*)

Captain John O. T. Berlin, Master of SS. *Cairnmona*

Mr. William Kay, Chief Engineer SS. *Cairnmona*

Mr. Gordon W. Scott, Chartered Accountant, Montreal.

EXHIBITS

No. 84—Crew list of SS. *Cairnmona* filed by Captain John O. T. Berlin.
(Not printed)

No. 85—Abstract of log of SS. *Cairnmona*, filed by Captain O. T. Berlin.
(Read into evidence)

No. 86—Abstract of Chief Engineer's log of SS. *Cairnmona*, filed by William
Kay. (Read into evidence)

No. 87—Report on and statements compiled from voyage summaries of
various steamship lines operating in the North Atlantic Canadian
Trade.

OTTAWA

F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

TUESDAY, May 26, 1925.

The Committee met at 3.30 o'clock, p.m.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—11.

The Chairman, Mr. McMaster, was unavoidably absent, and, on motion of Sir Eugene Fiset, seconded by Mr. McKay, Hon. J. E. Sinclair was unanimously selected as Chairman, pro tem.

Mr. W. T. R. Preston, Ottawa, Gentleman, who was again in attendance, was called, was further examined and retired.

Captain John O. T. Berlin, Master of ss. Cairnmona, who was in attendance, was called, sworn, examined and was discharged from further attendance.

During the course of his examination Captain Berlin filed Exhibit No. 84, Crew List of ss. Cairnmona; and Exhibit No. 85, Abstract of Log of ss. Cairnmona, Record of Voyage No. 38, from Leith to Montreal and from Montreal to Newcastle.

Mr. William Kay, Chief Engineer of ss. Cairnmona, who was in attendance, was called, sworn, examined and was discharged from further attendance.

During the course of his examination Mr. Kay filed Exhibit No. 86, Abstract of Chief Engineer's Log of ss. Cairnmona.

The Committee adjourned at 5.45 o'clock, p.m., to meet again at 8.30 o'clock, p.m., this day.

The Committee reassembled at 8.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—12.

Mr. Gordon W. Scott, Chartered Accountant, Montreal, who was again in attendance, was further examined and retired.

During the course of his examination Mr. Scott filed Exhibit No. 87, Report on and Statements compiled from voyage summaries of various steamship lines operating in the North Atlantic Canadian Trade.

The Committee adjourned at 10.45 o'clock, p.m., to meet again at 3.30 o'clock, p.m., to-morrow, Wednesday, May 27, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, May 26, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m.

The Chairman, Mr. McMaster, being unavoidably detained, Hon. J. R. Sinclair, was selected as Chairman, pro tem.

The Acting CHAIRMAN: Are we through with the witness who was on the stand at the last hearing?

Mr. SYMINGTON, K.C.: No, I think not. I have just sent out for him.

William Thomas Rochester Preston recalled.

The ACTING CHAIRMAN: You understand you are under the same oath as at the previous hearings?

The WITNESS: Yes.

By Sir Henry Drayton:

Q. When we adjourned, I was asking you about the London letter. Have you been able to find the London letter?—A. I have not.

Q. You have not been able to find the London letter?—A. No.

Q. You have no copy yourself?—A. No.

Q. Have you gone to the Department to see if they can find it?—A. I have not.

Q. Can you give us any idea why it is not contained in the departmental files?—A. I do not know anything about it, Sir Henry.

Q. So your evidence is, in connection with the letter produced as of March 1st, in which you say: "Please consider carefully my recommendation in letter—" ?—A. That is a cablegram.

Q. Oh yes, a cablegram, saying, "Please consider carefully my recommendation in letter to make provision for operating expenses and bill ratifying the contract"—you cannot tell us anything about that letter?—A. I cannot.

Q. Or why it is not produced by the Department?—A. I cannot.

Q. You have no personal recollection of it?—A. I have a recollection of writing it.

Q. What did it cover?—A. It covered a little more than the suggestion there about the operating expenses, and telling the Minister—if my memory serves me right—that I had met some of Sir William's friends, who had assisted him financially, or taken an interest in it, and they regarded the omission of that from the contract as a very serious objection.

Q. You were not able to give me the other day the bases upon which it was to be considered?—A. That is, as to the extent of the operating expenses?

Q. Yes?—A. No, only the meaning of "Operating expenses."

Q. You cannot give us anything more definite than that?—A. Nothing more definite than that, no.

Q. When you were in England, Mr. Preston, did you have before you any information as to the earnings of profits of any of the companies in the years 1923 and 1924?—A. No, I had not.

Q. Or 1922?—A. No.

Q. You had not?—A. No.

Q. Then when you came back from England did you have negotiations with anyone on this side, having regard to the companies?—A. To the companies?

Q. Yes?—A. No.

Q. Nor with the railways?—A. No.

Q. Did you see any of the C.P. Railway people, for example?—A. No.

Q. Or did you see Sir Henry Thornton or anybody in connection with the Canadian National?—A. Not to discuss that. I met Sir Henry Thornton once, but just at the moment I cannot tell you exactly what time it was.

Q. Did you discuss with him the question of this Peterson contract, or anything akin to it?—A. No; it was just a casual reference to it, that is all—no discussion.

By Mr. Symington, K.C.:

Q. Mr. Preston, just to clear up one or two points: if you will turn to Page 6 of your Report, there seems to have been difficulty in getting before the Committee exactly what the immigrant rates were. You state that the steerage rate from Great Britain and Europe to North America was approximately £7 sterling. Have you any knowledge of your own that immigrants were carried at that rate?—A. At £7?

Q. Yes?—A. Only conversation in the Department about it. The £7 came on after my time, Mr. Symington.

Q. What was it in your time, at which you know immigrants were actually carried?—A. I actually know immigrants were carried from the time I went there, about '98, until the Elder-Dempster people went out, at £3 10s. Then, in 19—

Q. That is, from 1898 until the Elder-Dempster people went out?—A. Yes.

Q. Approximately when would that be?—A. About 1903 or 1904, I think; I can give you the exact date—

Q. That is near enough; I do not care whether it was 1903 or 1904.—A. Yes. Then there was a Conference rate—just when it came in I cannot tell you—of £5 10s.

Q. And immigrants were carried at £5 10s.?—A. Immigrants were carried at £5 10s.

Q. Was that, roughly speaking, immediately after the Elder-Dempster went out?—A. Oh, no, before the Elder-Dempster went out.

Q. Before the Elder-Dempster went out?—A. Yes.

Q. Coming then, you say, to 1914, £7 sterling. You say you know immigrants were carried at that?—A. That was the talk in the Immigration Office at London; that is my knowledge of it. In 1907? Later than that.

Q. I said 1914?—A. Yes, some time in 1914.

Q. Now then, you make a statement that the rate for immigrants to South America, 6,600 miles, is less than the regular rate to Canada, 2,600 miles. Do you know that to be true?—A. I only know it from the Royal Steamship agents in Vienna. They told me the rate was about £1 less than the rate to Canada.

Q. Any explanation of that?—A. No, no explanation.

Q. On page 24, you have certain figures with respect to what it costs to carry a family; at the top of page 24, of your report?—A. Yes.

Q. Where did you get those figures?—A. Pre conference times—I took it from the Elder-Dempster figure, that was so prevalent at that time, £3/10.

Q. 1900, you have here?—A. Yes.

Q. You simply multiplied it by the number of people travelling?—A. Yes.

Q. You do the same with the others?—A. I do the same with the others.

[Mr. William T. R. Preston.]

Q. This is simply a computation of your own, made from the prevailing rates?—A. Made from the prevailing rates, yes. Perhaps, before you leave that, I had better say that also, from 1907 to 1910, there was again a £3 rate in existence, by a line of steamers run by Sir William Peterson from one of the Southern ports to England and Halifax and the United States, into which we poured thousands of emigrants.

Q. That was actually between 1907 and 1910?—A. It may have gone to 1911 or 1912, but four or five years in there.

By Hon. Mr. Stevens:

Q. What was the name of the steamship line?—A. I could not tell you. Sir William Petersen will tell you the name.

By Mr. Symington, K.C.:

Q. He gave the rate, £3/10?—A. Yes.

Q. He was the one who was operating?—A. Yes. I know that, because I introduced the Continental agent to him, and this means he made connections, giving him a very large immigration contingent for every voyage, whose commission amounted to £30,000, I believe.

Q. On page 14, where did you get that schedule, on the top of page 14?—A. The schedule came from the Department of the President of the Board of Trade.

Q. In London?—A. Yes.

Q. Those were figures furnished by the Department of the President of the Board of Trade, in London?—A. These figures here were furnished me by, I think, the Deputy Minister, or whatever they call him.

Q. On page, 15, where did they come from?—A. That schedule came from the schedule of freight rates, the Continental and English rates, issued by the Conference; at least, by conference lines.

Q. You got these on the other side, from the tariff of conference lines?—A. Yes, one of the conference lines.

Q. Have you got that tariff with you?—A. No.

By Sir Henry Drayton:

Q. On page 18, that schedule came from where?—A. That schedule came either from the Massey Harris Company or the Canadian Manufacturers Association. That came from the Canadian Manufacturers Association, just as it appears.

By Mr. Symington, K.C.:

Q. My friend, Mr. Montgomery, was examining you, and you seemed to be at some cross purpose, with respect to discriminating against Canada. On page 6, you make a statement about discrimination: "According to the records of the Department of Trade and Commerce a pronounced discrimination was immediately declared against Canadian ports and in favour of American ports as the settled policy of this steamship combine." Have you anything to add with respect to these records?—A. Yes, I have, growing out of correspondence, dated February 22, 1912, a general complaint regarding the decided advantage of shipping hay via Boston, compared with Quebec and Montreal. Attached to this schedule are freight rates on hay from Montreal and New York, comparative; from Montreal, Quebec and Boston ports, to Liverpool; the freight rates on hay to Glasgow from Montreal, St. John, N.B., Portland and Boston.

Q. What do they show?—A. They show, on the whole, a marked discrimination against Canadian ports. If it is desirable, I will read them.

[Mr. William T. R. Preston.]

By Mr. Duff:

Q. What year is that?—A. A marked discrimination against Canadian ports.

Q. What year?—A. 1911.

Q. 1912, you said?—A. The letter is dated 1912, but they were evidently referring to the preceding year in the office. I will take where they are together: St. John, in November, 1911, the rate was 35 shillings; from Boston it was 15/9d. plus 5 per cent.

By Hon. Mr. Stevens:

Q. For what?—A. Hay, per ton. In July 1911, from Montreal, 20 shillings net; from Boston in July, it was 10 shillings. From Quebec, in July, it was 20 shillings; from Boston, during the month of August, it was 11s. 3d., 12s. 6d., 16s. 3d., 15 shillings, 17s. 6d. and 5 per cent primage, whatever that means.

Q. That is sufficient of that. Have you any others?—A. File number 1211, extract from a letter from A. A. Wright, managing director, St. Lawrence and Chicago Steam Navigation Company, Limited, 600 and 605 Board of Trade, Toronto, dated December 31, 1910. I have only taken a paragraph from the letter. It is a long letter, dealing with the necessity of providing navigation for the St. Lawrence.

By the Acting Chairman:

Q. Is it addressed to you?—A. No, to the Department.

“CANADA VS. UNITED STATES GRAIN RATE TO UNITED KINGDOM

“I would also point out that we have carried grain to Buffalo with our boats when the rate from Buffalo to f.o.b. ocean vessel New York was more than the rate from Fort William to Montreal all water. The reason being that ocean rates from United States seaboard were much lower than those out of Montreal that shippers could afford to pay us one and one quarter cents per bushel from Fort William to Buffalo and do better than they could, sending the grain through to Montreal.”

By Mr. Duff:

Q. Is it the same discrimination that has existed since 1921 to date?—A. I am coming to that in a moment.

Mr. SYMINGTON, K.C.: You will remember that Mr. Preston was somewhat severely cross-examined by Mr. Montgomery for making the statement, that according to the records of the Department of Trade and Commerce, a discrimination was immediately declared as the settled policy of the combines, that is, following the elimination of the other lines.

Hon. Mr. STEVENS: Would it be possible to put all these figures in, if you want to get the truth?

Mr. SYMINGTON, K.C.: It was 35 shillings in November, December, January and February as against St. John, 35 shillings, the same rate.

The WITNESS: I think the whole thing should go in, though it is not for me to say.

Mr. SYMINGTON, K.C.: Portland is always considered a Canadian port because it is the terminus of the Grand Trunk. I have no objection to it going in.

Mr. DUFF: Do you not think it goes too far back?

Hon. Mr. STEVENS: I do not think it would be a bit of use.

[Mr. William T. R. Preston.]

Mr. SYMINGTON, K.C.: The witness was somewhat severely criticised for not having records on which he made the statements.

Mr. DUFF: I do not see why it should all go in. It is all right to ask questions.

The WITNESS: Mr. Duff asked me if things continued later. In October, 1919, a question was asked in the House of Commons, as to whether there was a parity of rates on grain between New York and Montreal; it was asked by Mr. Armstrong of one of the Lamptons. A questionnaire was sent out to one of the steamship companies. All the steamship companies, with one exception replied that there was a parity of rates, but Mr. Wood, of the Canadian National Railway, wrote the Deputy Minister of Trade and Commerce, on October 30, 1919, as follows:—

“You ask of the rates now charged, etc., etc.

“In order to answer your inquiry fully we must go back to the opening of navigation at Montreal.

“If memory serves me right, in the spring, the represented space on the regular lines by the British Government amounted to approximately seventy per cent, and as the lines only had thirty per cent available for general merchandise, they considered it was perfectly justifiable for them to go into the market and obtain traffic at the highest possible rates. In other words, all that the business would stand. As the requisition of the British Government became lighter, that is, having been reduced to something like 50 per cent in mid-summer, commercial rates eased off to some extent and in some cases, the regular lines accepted United States Shipping Board rates and no others were able to obtain a higher figure, the shippers themselves being eager to secure space, and preferred to send perishable traffic over the port of Montreal rather than in United States ports, where they could have obtained lower rates. The lines will not meet U.S. Shipping conditions in cases where it is a matter of policy.”

In 1911, there was considerable correspondence, and I would prefer to see the whole thing filed and put on the record here, but that is not my business. This letter appears:

“Toronto, October 8, 1901.

“Honourable WILLIAM PATTERSON,
Minister of Customs,
Ottawa.

“My Dear Mr. PATTERSON.—You may probably recollect a conversation I had with you at the Chateau Frontenac Hotel in Quebec some three weeks ago in connection with the rate of freight charged to Halifax and St. John by the Furness-Withy Line.

“You stated at that time that you thought this Line received a subsidy from the Dominion Government; and I stated to you that considering the fact that this Line was granted a subsidy by our Government, it was very wrong that they should hold up the Halifax and St. John importers in this way.

“The same Line carry freight to Boston in competition with other American Lines at 10 shillings per ton of 40 cubic measurement, while they charge Halifax and St. John importers 22/6, plus 10 per cent primeage per ton of 40 cubic feet measurement. (I am speaking of tea brought forward from London.)

“This line has control of the whole Halifax and St. John trade, and virtually controls the Boston route.

[Mr. William T. R. Preston.]

"A year ago we laid several shipments of tea down to St. John on through B/L from London by way of Boston to St. John, carrying the tea from Boston by rail, and laid the tea in St. John at 35 cents per hundred pounds, as against Furness-Withy rate of 22/6 plus 10 per cent primage, which equals 65 cents per hundred.

"After a short time Furness-Withy found that we were bringing forward tea on their own vessels via Boston, and shipping the same by rail to St. John, and that they were carrying the tea to Boston for us at the 10 shillings rate, and were therefore losing 12/6 additional freight by the teas not being sent by another steamer of their own line running to St. John, and they refused to accept our teas from St. John via Boston, compelling us to ship them on another steamer of their own line going to St. John and charging us 30 cents per 100 pounds more.

"The result of these exorbitant rates is that while in the past Halifax and St. John were bringing forward the majority of their teas from London, a number of the large importers prefer to bring forward these teas direct from Calcutta and Colombo by steamer to New York and have them transhipped on a local steamer to either Halifax or St. John.

"It appears to us very wrong that teas should be laid down via Boston, Philadelphia or New York from London, England, to points like Toronto, Hamilton and Chicago at less cost than it takes to lay teas down in either Halifax or St. John from London, which are seaport towns.

"The high rates that are prevailing are having the effect of putting the business into other channels; and where we in Toronto would be very pleased to have our teas come forward to points like Montreal, Kingston, Ottawa, Toronto and Hamilton by way of the I. C. R. at Halifax, or the C. P. R. at St. John provided rates were equal, we are obliged to give the haulage of these teas to American routes.

"You kindly offered when I saw you in Quebec to bring this matter to the notice of Mr. Fielding, and I shall be pleased if you will do so.

"Thanking you for your kindness, I am

"Yours respectfully,

"(Sgd.) JAMES SCOTT."

Sir EUGÈNE Fiset: I propose these to be filed as exhibits, without being read.

The WITNESS: I did not want to open it up but my statements were challenged.

The ACTING CHAIRMAN: Will we file it or have it printed?

Hon. Mr. STEVENS: They ought to be filed fairly and analyzed. If you analyze this statement, it conveys a very much different impression than by picking out here and there a few isolated cases. I think this section of the evidence ought to be discarded, because it is of no value to us, unless you are prepared to analyze it and do it fairly, and when you have done that you have nothing.

By Mr. Symington, K.C.:

Q. Now, Mr. Preston, that cleans up those Departmental records?—A. That is, part of them.

Q. You told Sir Henry Drayton, in answer to questions, that, following your first efforts over on the other side, you saw Lord Incheape and his interests?—A. No, I saw his interests. Pardon me, the first one I saw among those was Lord Kysant. I remember it was the early part of May, owing to circumstances which are very clear in my mind.

[Mr. William T. R. Preston.]

Q. You saw Lord Kylsant and Lord Inchcape? Any other interests?—
A. No, no other interests. I made application to another one but could not get an audience.

By Mr. Montgomery, K.C.:

Q. You have just answered to my learned friend to the effect that you saw Lord Inchcape. Is that correct?—A. I beg your pardon. I made it very clear that I saw Lord Inchcape's interests.

Q. You said in your last answer that you saw him?—A. I saw his interests.

Q. Well, now, what do you mean by you saw his interests?—A. I saw a member of his company, a Mr. Hughes. I said that on one of the last occasions that I gave evidence; at least a gentleman who was introduced to me as Mr. Hughes, and I presume it was.

Q. I should suppose that these negotiations, which you say extended over several weeks, if they were with Mr. Hughes they would enable you to speak without any qualification as to whether he was or was not?—A. He was a gentleman who was introduced to me as Mr. Hughes, and I saw him three times, I think.

Q. You saw him three times in what month?—A. In the month of May.

Q. All three times were in the month of May?—A. All three times were during the month of May.

Q. Where?—A. In his office.

Q. But where?—A. In the city, I could not just tell you the street.

Q. I just wanted to ask a question about your former evidence?—A. I was accompanied by Mr. G. J. Allen, ex-mayor of Croydon.

Q. I find that this evidence was taken on Friday by the reporter who is here now; it might be convenient before he leaves to take up a little matter where the evidence does not seem to agree with my recollection of it. It is not perhaps of much importance, but at the time it made some impression upon me. It is on page 863 of the printed copy. I merely wish to draw your attention to it. It was in the course of Sir Henry's examination, and it was about the cable address. You will see it about the middle of the page:—

"Q. Is that Sir William Petersen's cable address?—A. I don't know.

"Q. It would not be his?—A. I don't know.

"Q. So that it would be something that would come into the office?
—A. I asked at the time how it was addressed to Senate. Someone in the office told me, I could not tell you who, that it was an address in the office."

Q. That is decidedly opposed to my recollection of your evidence.

Sir HENRY DRAYTON: The difference is this, Mr. Montgomery. I remember the question, so that there is no doubt about it. The questions are correct, but the answers are somewhat different, or changed.

By Sir Henry Drayton:

Q. That is on page 863. What was the answer, Mr. Preston?—A. The answer was that it was not his address, that it was not Sir William Petersen's address.

Mr. MONTGOMERY, K.C.: The answer was that he did not know.

Sir HENRY DRAYTON: Then I come back to it again and he was very definite.

The WITNESS: I never heard of it being Sir William Petersen's address.

By Mr. Montgomery, K.C.:

Q. Why is it changed?—A. I say now that I never heard of it being his address. The only address I have ever known is his name spelled backwards.

[Mr. William T. R. Preston.]

Sir HENRY DRAYTON: The evidence seems to be changed in one particular; I don't know that it is of any importance.

The WITNESS: I say the same thing now, that I don't know anything at all about it. The telegram was delivered to me in the High Commissioner's office.

The ACTING CHAIRMAN: What is the point, Mr. Montgomery?

Mr. SYMINGTON, K.C.: I would like to get this thing cleared up.

By Mr. Montgomery, K.C.:

Q. On page 6 you were examined in regard to the suggestion of discrimination, or immigration rather, and you spoke of a rate of 3 pounds 10 shillings which you say was paid the Elder-Dempster Line?—A. Yes.

Q. On page 4 you draw attention to the fact that the Elder-Dempster Company were paid a special bonus?—A. Yes, they were. A bonus was paid to all booking agents in the United Kingdom.

Q. I just want an answer to the question, Mr. Preston?—A. I cannot explain the other without explaining that instead of paying it to the booking agents we paid it direct to the Elder-Dempster Company.

Q. I am only interested in the one thing. Just answer the question shortly.—A. I will answer it.

Q. That the Elder-Dempster Company gave that rate and were receiving a bonus?—A. Yes; the same bonuses were given to every shipping and booking agent.

Q. That is your evidence now, that they were receiving the same as the other booking agents were getting?—A. Yes.

Q. Turn to page 4 of your Report and see if it tallies?—A. Yes, they were receiving a special bonus, and that is what I wanted to explain to you.

Q. Your evidence was that they were receiving the same bonuses as other companies were getting?—A. I won't allow you to put words into my mouth, Mr. Montgomery. We were paying no bonuses to the shipping companies; we were paying bonuses to the different booking agents, and the Elder-Dempster Company were getting the special bonus that the booking agents got, but the shipping companies were not getting the bonus.

Q. Is that all you have to say?—A. That is all I have to say upon it.

Q. A moment ago you told us that the Elder-Dempster Company were getting the same bonuses as the other shipping companies?—A. I said the same as the other booking agents.

Q. I asked you whether the Elder-Dempster Company were receiving a special bonus?—A. They were receiving no special bonuses as between shipping companies, because the shipping companies were receiving nothing.

By Mr. Duff:

Q. They were acting as booking agents?—A. They were acting as booking agents, Mr. Duff.

Q. Is this your suggestion, that the Elder-Dempster Company were receiving a bonus which the other shipping companies did not get because the Elder-Dempster Company were acting as booking agents?—A. Yes.

By Mr. Montgomery, K.C.:

Q. Now turn to the page and see if that tallies with your suggestion?—A. It tallies exactly.

Q. On page 4 of your report the suggestion is that the Immigration Department was authorized by the Government to pay the Elder-Dempster a special bonus in view of the company remaining out of the Combine?—A. Yes.

[Mr. William T. R. Preston.]

Q. So that it was either a special bonus that was paid to them in view of their remaining out of the Combine, or the fact that they had this 3 pounds 10 shillings rate, or that it was a bonus for acting as booking agents?—A. It was paid for that as well as for staying out of the Combine.

Q. For acting as shipping agents, or for both?—A. I think I have made it plain that they were as a company getting a bonus that they might be kept out of the Combine, on the ground as I told you that they had no booking agents, and that was our justification for paying it to them direct.

Q. If you think you have made it clear, all right?—A. I cannot make it any clearer to you than I have made it.

By Mr. Duff:

Q. How much were they paid per head?—A. I think it was 8 shillings, although I would not be positive.

By Hon. Mr. Stevens:

Q. Somebody got 30,000 pounds commission; was that the Elder-Dempster Company?—A. No.

Q. Who was that?—A. He earned 30,000 pounds,—so Sir William Petersen tells me—on commissions for getting the immigrants that Sir William carried, between 1907 and 1910 or 1911, along in those years.

Q. Who was that?—A. A man named Laulandy, a German. Sir William Petersen will give you all the particulars about that.

By Mr. Montgomery, K.C.:

Q. On page 14 of your Report you have a tabulation. Have you the original information which you received from the Department or the President of the Board of Trade of London?—A. No, I have not.

Q. Did you receive it in written form?—A. Yes.

Q. I would like to see it; can you find it for me?—A. I will make inquiries. Something occurs to me at the moment.

Q. That is one of the most important Exhibits in support of your Report; surely you kept that?—A. I know the figures are correct.

Q. I would be rather more convinced if I could see the original you received. Now that is a very important exhibit in your report?—A. Yes.

Q. Surely you would have that information?—A. I have an idea as to who I gave it to and I will make enquiries. I will not mention any names until I do.

Q. You have not given away all your exhibits?—A. Well, I put it in the right place if I gave it away and I will make enquiries.

Q. You put it in the right place? Have you any objection to tell us where that place is?—A. None whatever. I think I gave it to Mr. Low but I will not be positive.

Q. Perhaps you will ask the Minister?—A. I will. I think I gave it to him in England.

Q. But this report was not written in England?—A. No it was not.

Q. Did you get it back from the Board before you wrote the report?—A. No, I must have taken a copy of it.

Q. Then you must have the copy?—A. Well, I shall look through and see if I have.

Q. That is rather unsatisfactory Mr. Preston.—A. I do not expect to satisfy you, my dear Mr. Montgomery, on anything.

Hon. Mr. STEVENS: It is the Committee you have to satisfy.

The WITNESS: I am trying to satisfy the Committee and I think I will be able to.

[Mr. William T. R. Preston.]

By Mr. Montgomery, K.C.:

Q. If you will just bear in mind, Mr. Preston, throughout your examination you have been told that we are anxious to have here the originals of any exhibits you have used?—A. Quite so.

Q. I have asked you repeatedly for them and I would have hoped you would have that borne in upon you by this time. In any event you are unable to give us the original document of which page 14 appears to be a reproduction.—A. If you wish, I will write to the President of the Board of Trade as to the figures that are attached to that, and if the figures are not absolutely correct I will ask the permission of the Committee to withdraw my whole report.

Q. I am not asking that. I am asking only the exhibit in support of that statement. But you cannot give it to me?—A. No, I cannot give it to you.

Q. Now on page 15 your next schedule. I understood you to say that you got that from one of the tariffs of the Conference?—A. I got that from one of the tariffs of the Conference, yes.

Q. The tariff from which Conference?—A. I am not going to tell you that, Mr. Montgomery, by any means.

Q. You cannot then tell me the name of the Conference and tariff you got, or what tariff it was?—A. No, I will not tell you the name or what tariff. I have checked every part of it from the tariff, put down here, but I know enough about the workings of a combine, and the sources from which I got that, to know what they would get very well. I would pity them.

By Mr. Duff:

Q. Would they be excommunicated or ostracised?—A. Ostracised, absolutely. Perhaps the *Montreal Gazette* would do with them what they did with me, and advise that a Mills bomb be put in my pocket.

By Mr. Montgomery, K.C.:

Q. The threats are not coming from our side at all. Perhaps there is some misunderstanding; I am not asking you from what individual you secured a tariff, but I am asking you what tariff you secured?—A. I cannot tell you which Conference it was, but it was a North American Conference.

Q. It was a North American Conference?—A. Yes.

Q. But you do not know which Conference?—A. No, Mr. Montgomery, I do not.

Q. Whether eastbound or westbound?—A. Oh, westbound. It was westbound of course.

Q. Do you know for what year it was?—A. The year 1924.

Q. Now so that we may be quite distinct upon that, what was the document that you saw, or did you yourself see any document?—A. Yes, I did.

Q. What was that document?—A. I am not going to put you on the track, of where that document came from, Mr. Montgomery.

Q. I am not asking you to put me on the track of anything; I am asking you what that document was that you saw. Was it a schedule of tariffs?—A. A schedule of tariffs, yes.

Q. In what form?—A. In what form? You are not going to get after the person who gave me that tariff, you can make up your mind on that as well first as last.

Q. I want your recollection?—A. I have had the combine on my neck for 20 years, and I do not propose to put them on anyone else's neck.

Q. Mr. Preston, I am merely testing your recollection upon these circumstances. I merely want to know whether it was a book you saw or sheet of paper or what it was that you saw?—A. No, it was not a sheet of paper.

Q. I do not want to ask you a dozen questions. Tell us frankly what it was.

[Mr. William T. R. Preston.]

By the Acting Chairman:

Q. Did you take it from the tariff schedule?—A. I copied this out of the book myself.

By Mr. Montgomery, K.C.:

Q. Then it was out of a book you copied it?—A. Yes. Out of, I do not know how many pages; forty probably; thirty or forty.

Q. Out of a book of thirty or forty pages?—A. Yes.

Q. Being a westbound tariff, the tariff of the westbound Conference lines?—A. Yes.

Q. That is all, Mr. Preston, thank you.—A. No, I am not done, Mr. Montgomery. I have got some things here to clear up please, with the permission of the Chairman.

The ACTING CHAIRMAN: Do you wish to make a statement, Mr. Preston?

The WITNESS: Yes, sir, I would like to make a statement regarding some questions raised in the so-called "White Book."

By Sir Eugene Fiset:

Q. What is meant by the "White Book"?—A. The reply to my pamphlet, general. I will make them very short.

By Hon. Mr. Stevens:

Q. Before you do that, Mr. Preston, would you mind stating whether or not you received this telegram dated Ottawa, February 19, 1925, and addressed, "Preston, c/o Senate, London"?—A. I received that in the High Commissioner's Office, Mr. Stevens.

Q. It was delivered to you from the High Commissioner's Office?—A. Yes, from the High Commissioner's office.

Q. What did you go over for the second time, Mr. Preston?—A. What did I go over for?

Q. Yes.—A. I had two objects in going over. One, I was pretty well worn out with strenuous work I had been putting in for 12 or 13 months and I wanted a rest. And also I had left some papers in London, when I left there, in an iron box at my daughter's, and I was very anxious to get some of them, in case certain contingencies arose. The principal reason for going over was on account of my health.

Q. They kept you pretty busy while you were over there?—A. I landed into a hornet's nest.

Q. Did that improve your health?—A. Well, I went on a slow steamer both ways and had a very good rest.

Q. Here is another wire dated London, February 6, 1925, addressed to the Minister and signed "Preston." "Confidential. Have seen Petersen. Everything right. Telegraph Monday if there has been proposal to purchase the entire Government Marine."—A. Yes.

Q. Did you go over on the second trip to negotiate the sale of the ships of the Canadian Government Merchant Marine?—A. No sir, I like a hard job, but not for me, thank you; nothing that kind.

Q. But you seemed to meddle in it.—A. Do you want to know how I got into that? I will tell you very frankly.

Q. Surely.—A. The Minister nor, I don't think any member of the Government, knew I was leaving town. I don't think anyone outside of my own family and the ticket agent knew I was leaving town. I called on Sir William Peterson, of course, and asked him how things were going on. He took me into his confidence and told me how things were moving, and the same evening he told me:

[Mr. William T. R. Preston.]

"I am thinking of making an offer for the Canadian Government Merchant Marine." "Well" I said "you have got a great deal of courage; the offer I would make for it would be to buy enough dynamite and take it out in the middle of the Atlantic and sink it." I said, "If you will take my advice, you won't make any offer for the Canadian Government Merchant Marine, if you want to make any money out of it."

My statement is questioned in regard to the control and to the division of the emigrants.

The ACTING CHAIRMAN: Page?

The WITNESS: On page 14. Coming from Europe to either Canada or the United States; that and controlling the emigration routes. Mr.,—the English gentleman,—Mr. Cleminson, undertook during the course of his address to the Committee to question the statements made in my report as to the control stations and why they were established. I understand he afterwards admitted he had never been in Germany; but it was part of my duty as Immigration Commissioner to look into that matter very thoroughly and I probably have visited the most of them. The control stations were established through Albert Ballin for the one and sole purpose of controlling the emigrants coming from mid-Europe so that they should travel only by Conference lines. The suggestion that they were only allowed to travel if in good health and that they were stopped because they were in ill-health is absolutely without foundation. I have seen emigrants pass these control stations, with Conference tickets, with Trachoma, markedly evident, and allowed to go through; and I have seen emigrants perfectly healthy, stopped at the control stations, because they had not Conference tickets, and they had to make their way away around through Switzerland and up to some port at Amsterdam or Antwerp in order to get out to Canada, and in addition to that I may say, as soon as the Conference got the control stations established, the Continental lines immediately raised the tariff, or at least the steerage rates, by 30 marks. In addition to that there was a division of the territory and a percentage allowed to the British lines, a percentage of emigrants; beyond the number allotted to them they could not carry. If they did, they had to return the excess to the pool. In that way, Canadian immigration was blocked for years and years. Emigrants would never have got to Canada at all, had there not been such an outlet as Sir Alfred Jones offered with the Elder-Dempster, and Sir William Petersen afterwards offered with his line. Only a certain number could be carried by these lines and a number greatly in excess of that wanted to emigrate to Canada.

By Mr. Duff:

Q. What year was that?—A. That was running from about 1900 up to 1912. Right up in fact until 1914. I have no hesitation whatever in saying that but for the establishment of the Conference, and but for the limitation of the number of emigrants that could be carried by British lines, in my opinion we would have had 12,000,000 of people in this country by 1914 instead of the number we have.

Mr. MONTGOMERY, K.C.: Does the Committee want any more evidence on these lines? The witness has already covered this ground?

The WITNESS: The witness is not going over the whole thing.

Mr. MONTGOMERY, K.C.: If you please, Mr. Preston, I am not addressing you; I am addressing the Chair.

The WITNESS: I think that is all I want on that.

Mr. MONTGOMERY, K.C.: If the witness is to make a revised report, it will necessitate our taking him through it again and going over the whole ground.

[Mr. William T. R. Preston.]

The WITNESS: I am making no revised report, but there are some things about which there may be misapprehension and I want to clear it up, and I think I am perfectly right.

The ACTING CHAIRMAN: Have you finished stating your point, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: My point is that if the witness is to make a revised report we will have to go through it again and call witnesses in answer to it. What he has stated now is not in answer to any question that counsel has asked Mr. Preston. I sat back and let him go on for a long time but if he is going over this whole thing again, I do not propose to cross-examine him in one word. If he is through let him go.

The WITNESS: Oh no, you will hear more of him, Mr. Montgomery, don't be at all alarmed about that.

The witness retired.

The ACTING CHAIRMAN: Now, Mr. Symington, do you wish to call any further witnesses?

Mr. SYMINGTON, K.C.: I think the Captain of one of the Cairn boats is here.

JOHN OSCAR THEODORE BERLIN called and sworn.

By Mr. McKenzie:

Q. I understand, Captain, you are the Master of the Cairnmona?—A. Yes sir.

Q. That is one of the Thompson boats?—A. One of the Cairn line of steamers.

Q. What has been your experience at sea, Captain?—A. I have been thirty-three years Master.

Q. Thirty-three years Master?—A. Yes.

Q. Does that include any tramp experience?—A. Over twenty-five years of tramp experience.

Q. Over twenty-five years?—A. Yes.

Q. What experience have you had in cargo liners?—A. I have only had about three years in cargo liners, really first-class cargo liners.

Q. Does that take in the Canadian trade?—A. That is solely in the Canadian trade.

Q. Solely in the Canadian trade?—A. Yes.

Q. What certificates do you hold, Captain?—A. Extra Master's certificate, sir.

Q. What does "Extra Master's Certificate" mean?—A. It is the highest certificate granted by the Board of Trade.

Q. I suppose to sail anything anywhere?—A. Anywhere, sir, anything; there is no limit.

Q. Captain, I am afraid we have not a great deal of experience with tramp boats and cargo steamers, and I wonder if you would describe to the committee the type of boat of which you are Master?—A. At the present time?

Q. Yes.—A. She is a first-class cargo liner; she has a 'tween deck and a shelter deck, specially adapted for carrying general cargo from Montreal. She is specially adapted for it. She is fitted also with the ventilation fans in each hole to keep your cargo in good order.

Q. What is her tonnage, Captain?—A. 7,700 dead weight; 2,806 net register; 4,665 gross register.

Q. Incidentally, Captain, is the tonnage of the shelter deck included in your net tonnage?—A. No sir.

[Mr. W. T. R. Preston.]

Mr. MONTGOMERY, K.C.: The question arose as to whether there were really two decks or only a shelter deck, and the Captain said that was included in the tonnage, and we asked that a certified copy of the register be sent up, and he promised to send it up the next day.

Mr. SYMINGTON, K.C.: It has been sent up, apparently.

Mr. MONTGOMERY, K.C.: It would be convenient if we had it for comparative purposes, so that the witness could draw a distinction between the two.

By Mr. McKenzie:

Q. Just to get back to the question as originally put, Captain, could you tell us whether or not your net tonnage includes your shelter deck tonnage?—A. No.

Q. Never is, as a matter of fact, is it?—A. No, it is not; it never is.

Mr. SYMINGTON, K.C.: What is the net tonnage? That is a new one on me.

By Mr. McKenzie:

Q. Possibly the Captain can give a much better definition than I can.—A. After every space used for the propulsion of the ship, crew spaces, ventilating spaces, all are deducted from the gross register, the remaining part is the net register.

Q. And one of these deductions, as I understand it, is the shelter deck?—A. That never comes in, sir.

Q. Never included at all?—A. No, sir.

Q. It is not included?—A. No, sir.

Q. Well, Captain, to proceed further, what is the difference between the ordinary tramp and a cargo liner, with regard to speed and 'tween decks space? A. The cargo tramp, as a rule, has no 'tween deck; she is what we call a single-decked ship. That is, one hold continues from top to bottom, and there has only recently—very, very recently—there is a little bridge space that has, in the course of a little time, been extended to make it a sort of shelter deck, but it does not extend very far; it is not right fore and aft in the ship. In other words, she is only a single-decked ship, a tramp steamer.

Q. A modern development of the tramp steamer is the continuation of the shelter deck, as I understand it?—A. Yes, that is quite modern, or comparatively speaking modern.

Q. Take that and compare it with your own ship, for instance.—A. Yes.

Q. How do they compare?—A. I can, of course, carry cargo where you could not possibly carry it in a tramp.

Q. For what reason?—A. Because of the decks; I have two decks; I have the shelter deck and I have also the 'tween decks.

Q. How about speed?—A. We are a twelve-knot boat.

Q. How are you registered at Lloyds?—A. Twelve-knot speed.

Q. I presume that would be on your certificate of registry, too?—A. It is on the certificate.

Q. Let us get back to the shelter deck, or not the shelter deck so much as the 'tween deck space, and consider that for purposes of suitability for the Canadian trade. I understand that you have had three years in the Canadian trade?—A. Yes, sir.

Q. And you have also had experience as commander of a tramp steamer?—A. Yes, lots of it.

Q. What would happen, Captain, if you were deprived of your 'tween deck space, other than the shelter deck space?—A. I would have to load bulk cargo.

Q. You would have to load bulk cargo largely?—A. Yes, sir.

[Captain John O. T. Berlin.]

Q. Is that your experience and your opinion from, I think you said, twenty-five years in the tramp trade and the balance of the time in the Canadian trade?—A. Yes. If I did load bulk cargo and brought up my grain and then tried to put some of your Canadian meats on top of that grain, I would be sorry for your shipper; I would spoil his cargo. It cannot be done with all sorts of things. You can do it with some, but not all. You cannot load in the port of Montreal, for instance, with meats, say a thousand cases of meat, on top of your grain; you would spoil it.

Q. That is a well recognized fact, is it not?—A. Yes, sir.

Q. If it were otherwise you would subject your owners to great claims?—A. Great claims, yes, sir; I should be very sorry for them.

Q. And damage?—A. Yes, sir.

Q. How would you classify your ship, for instance in the Montreal to Liverpool trade, with regard to speed?—A. I would go in nine days from Montreal, from quay to quay.

Q. From quay to quay?—A. Yes.

Q. And that would include all stoppages and all kinds of weather?—A. Yes, ordinary weather, everything.

Q. Mr. Duff asks how many miles that would be, Captain, from Montreal to Liverpool?—A. Around by Cape Race it would be 2,700 miles.

By Mr. Duff:

Q. 2,760, is it not?—A. Something about that. That is around the north of Ireland.

Mr. McKENZIE: As a matter of fact, we have the Chief Engineer here, and the question of coal consumption is really more in his sphere than the Captain's. He will be able to give us that.

By Mr. Symington, K.C.:

Q. Have you your log book with you?—A. I have extracts from the log, not the log book proper.

Q. Why didn't you bring the log book?—A. I did not think it was necessary to bring it.

Q. Your instructions were to bring it?—A. I have extracts from it, absolutely correct.

Q. They refused to accept our extracts and demanded the book, and the books were supposed to be here.—A. I could bring them here to-morrow.

Q. In the meantime let us have the extracts, and send for the log book.—A. Yes, sir.

Mr. MONTGOMERY, K.C.: I am told this last trip was a United Kingdom trip. This boat has just come from the Mediterranean. She brought in a cargo of wines and fruits.

The WITNESS: Here are the extracts from the log book. They are authentic, from day to day.

By Mr. Symington, K.C.:

Q. In your log you do not show the speed or distance travelled?—A. Yes, sir, it is all there.

Q. Could you show it to me?—A. Yes, sir, anything.

Q. Apparently then, Captain, from your log you left Lisbon on the 7th of May?—A. Yes, sir. That is, this present voyage.

Q. And arrived in Montreal May 21st?—A. Yes, sir.

Q. A distance of 3,020 miles, by observation apparently?—A. Yes, sir.

Q. Actual steaming time 14 days 5 hours and 55 minutes?—A. Yes, sir.

[Captain John O. T. Berlin.]

Q. And your average speed was 8.9 knots per hour?—A. Yes, sir.

Mr. DUFF: I thought he said 12 knots?

Mr. SYMINGTON, K.C.: He did, but this is what he brought along from this present trip.

The WITNESS: That is the present voyage; it is not the usual Canadian run.

By the Acting Chairman:

Q. Have you a full cargo?—A. Yes, a full cargo. We had a dense fog for three days.

By Mr. Symington, K.C.:

Q. Are there any coal records shown on this log?—A. No, the chief engineer will have that.

Q. Were you going to various places to pick up cargo?—A. I have been in fifteen ports on this present voyage.

Q. You left from where?—A. From Newcastle, and went to Savona, to Genoa, Leghorn, Catania, Messina, Palermo, Maiola, Sorrento, Naples, Tarragona, San Carlos de la Repita, Valencia, Cadiz, and Lisbon—

Q. In a word, through all the Mediterranean ports?—A. Yes. To Italian and Spanish ports, and finished up in Portugal.

Q. Is that your usual voyage?—A. No, that is the first time; generally always, Montreal direct from Newcastle.

Q. I see your previous voyage was to Portland?—A. Yes, in the winter time we go to Portland, when the St. Lawrence is closed up.

Q. The Cairnmona is the smallest boat of your line?—A. I believe so, sir.

Q. She is shown on the return, Exhibit 22, as 6,800 dead weight available for cargo?

The CHAIRMAN: What page?

Mr. SYMINGTON, K.C.: Page VII in Roman numerals, which precedes page 93.

The WITNESS: That is for cargo, yes, not including her bunkers.

By Mr. Symington, K.C.:

Q. She was built in 1918?—A. Yes, sir.

Q. And has a cubic capacity of 436,000?—A. 455,000 cubic feet.

Q. 436,187 is what the return shows?—A. 455,603 cubic feet.

Mr. SYMINGTON, K.C.: Then they have given us the wrong figures on this exhibit.

The WITNESS: That includes everything.

By Mr. Symington, K.C.:

Q. Cubic capacity available for cargo?—A. Cubic feet, yes.

Q. That includes the decks about which you have been talking?—A. Yes.

Q. What was your coal consumption, do you know?—A. 42 tons of North Country coals per day—average.

Q. An average of 42 tons—A. North Country coals.

Q. Is that what they call Yorkshire coal?—A. No, Durham and North-umberland coals.

Q. How does it compare with the Welsh coal?—A. A little swifter.

Q. You need more Durham than Welsh?—A. Yes.

Q. How much?—A. About 10 to 12 per cent on a ship of that kind.

Q. So on this voyage, in averaging 8.9 knots per hour, you used 42 tons of Durham coal per day?—A. 42 tons? On this voyage?

Q. Yes?—A. No, on this voyage it is different; we used about an average of 38 only. We were not going at extreme speed.

Q. You misunderstood my question— —A. This was an extra voyage. We are going between lots of ports in the Mediterranean, and I left in the evening to get in at daylight the next morning, and I am only going dead slow, so as to, you might say, waste time.

Q. You have been sailing from Lisbon to Montreal?—A. Yes.

Q. How many tons did you use per day?—A. 38 tons per day on an average.

Q. Well now, you mentioned 42 tons. To what does that refer?—A. 12 knots.

Q. At 12 knots you would average 42 tons, you think?—A. Not averaging 12 knots; we steam 12 knots, but we might have a day when we could only do nine, in bad weather. That is an average.

Q. That is what I am getting at. You averaged here (indicating) 8.9 and used 38 tons?—A. Yes, sir.

Q. Do you ever average 12 knots?—A. Yes. You will find it there. (indicating).

Q. What would you use averaging 12 knots?—A. 42 tons of North Country coals.

Q. The difference between 8.9 knots and 12 knots is only a difference between 38 tons and 42 tons?—A. Yes.

Q. You are sure about that?—A. It is an average. I am not giving you the exact figures; my Chief Engineer will be able to give you a hundredweight. I only get it from him.

Q. He has it with him?—A. Yes. It is not a detailed consumption; it is only an average I am giving you.

By Sir Eugene Fiset:

Q. How old is that boat?

Mr. SYMINGTON, K.C.: 1918, Sir Eugene.

The WITNESS: She was built in 1918.

By Mr. Symington, K.C.:

Q. You have copies of these sheets, have you not, Captain?—A. Yes, sir—

Q. Would you produce them?—A. I have not them with me.

Q. Abstracts?—A. No, I have not copies of them with me.

Q. I thought you said you brought the abstracts with you?—A. Those are the original abstracts (indicating).

Q. This, (indicating) is your original abstract?—A. yes.

Mr. MONTGOMERY, K.C.: That is what I was trying to get from your man, and he did not have them.

Mr. SYMINGTON, K.C.: That is exactly what he had.

Mr. MONTGOMERY, K.C.: No, he had written copies—

Mr. SYMINGTON, K.C.: He had an abstract of the log exactly the same as this (indicating), except with a great deal more information in it. That is the only difference.

By Mr. Symington, K.C.:

Q. Is there, in this book, a record of a loaded trip across the North Atlantic?
A. Oh, yes.

Q. Will you find one for me?—A. Yes, sir. (Referring to book) Leith to Montreal is one, Montreal to Newcastle is another one, then there is the third, Leith to Montreal 12.3.

[Captain John O. T. Berlin.]

Q. What about the other way, Montreal to some place?—A. Just turn the leaf over, and you will find it. That is the homeward one.

Q. You do not want to leave this, I suppose?

Mr. McKENZIE: It has to go back to the ship.

Mr. SYMINGTON, K.C.: We will want copies of these.

By Mr. Symington, K.C.:

Q. You have here voyage No. 38 from Leith to Montreal, commencing June 17, 1924, and ending June 27; leaving Montreal July 4, and arriving at Newcastle on the 15th. Will your Engineer have the log-book of that voyage with him, do you think?—A. Oh, yes, sir; he has the report.

Q. Now, how many of a crew have you on this ship?—A. 44 of a crew.

Q. Including apprentices?—A. Four apprentices.

Q. Or cadets, or whatever you call them?—A. Four apprentices; 40 of a crew and four apprentices.

Q. How many firemen?—A. 12.

Q. Have you got a list of your employees there?—A. I believe I have.

Q. And their wages?—A. I think so. (Handing papers to Counsel). That is a copy of the crew list.

Q. You produce a true copy of the crew list, with their wages?—A. Not with their wages. This is for the port doctor's inspection,—Dominion Government Inspector.

By Mr. Duff:

Q. The port physician?—A. Yes, sir.

The ACTING CHAIRMAN: Do you want to file this as an exhibit?

Mr. SYMINGTON, K.C.: Yes, I wanted to compare it as to wages, but they are not shown here.

The WITNESS: The national scale of wages is paid; we are compelled to pay it.

The ACTING CHAIRMAN: Is it to be filed as an exhibit and printed?

Mr. SYMINGTON, K.C.: Simply filed, Mr. Chairman.

The ACTING CHAIRMAN: It will be filed as Exhibit 84.

EXHIBIT 84: Crew list of ss. *Cairnmona* (not printed).

By Mr. Symington, K.C.:

Q. Do you know, roughly, what your wages are per day?—A. £17 4s. per day.

Q. Now, what about repairs to the boat? Do you have very large repairs?—A. We have repairs, sure.

Q. Can you give us any idea of what the repairs cost you on that boat—the general running repairs?—A. No, I would have to refer you to the accountant's department. We are a liner, and I have very little to do with finances. Outside of the crew's wages, I do not handle money, nor do I order repairs. We have a department for that. It is the same with stores and provisions; we have a department that handles all that. I only navigate the ship backward and forward, and see that discipline is maintained, and pay the crew's wages.

Q. Do you see, in the course of your operations, evidences of many repairs being required?—A. No, not many. We do the same as most steamers; we have to pass through the surveyor bi-annually for boilers, and every four years for classification.

Q. You have no idea of what the repairs would even approximate per voyage?—A. No, I would not like to say.

[Captain John O. T. Berlin.]

Q. You have no idea?—A. I would not like to say; I would not like to say, because I do not really know it—the amount that is spent.

Q. I do not want to pin you down— —A. No; I cannot say it, Mr. Symington.

Q. You would not care to give any approximation at all?—A. No.

Q. Now, you know what is spent on deck and engine stores, or would that be the engineer's department?—A. No, sir, I do not. That is another department of our firm over which we have superintendents, and we do not interfere, one with the other's department.

Q. You do not know anything about that then. It is another department?—A. No.

Q. How many boats are there in this line, departmentalized in this way?—A. Eight.

Q. What about the provisions? Do you know how much they cost?—A. We have a victualling department entirely, but it is not run by the ship-master either. It is run about by a special shore steward, ordered and supplied by him; we merely state what surplus we have left when we have arrived home and what stuff then is required.

Q. You have not any idea of what it costs per man to feed your people?—A. We charge five shillings a day, if the crew is paid off, or the crew is standing by. For instance, when we go to Leith we pay all hands off; in the ordinary course, articles have to be discharged by the Board of Trade, but the crew are still signed back. We pay each man five shillings per day to feed himself. We do not supply the food. We give each man five shillings a day to feed himself.

Q. Five shillings is the approximate amount?—A. Yes.

Q. How does your boat compare with the other boats of your line? Is she the most or the least efficient?—A. I think you might ask my owners that question.

Q. You do not know?—A. No.

By Hon. Mr. Stevens:

Q. You naturally stand up for your own ship?—A. I hope she is the best paying one, I am not saying so.

By Mr. Symington, K.C.:

Q. Have you sailed any of the others?—A. The *Cairnavon*, one of the other ships; only for a short time.

Q. She is a newer boat?—A. Yes.

Q. And larger also?—A. Yes.

Q. Her steaming qualities, generally speaking, are they about the same?—A. No. I should say a good half a knot slower. Ten and a half to eleven knots is a very good speed for the *Cairnavon*.

Q. What about the coal?—A. Very much about the same.

Q. I would like to have a copy made of this, in the meantime?—A. Yes.

By Mr. Duff:

Q. Do you know anything about the new style of ship, known as the corrugated side ship?—A. I do not, I have only seen one at a distance.

Q. You have never steamed one?—A. No.

The ACTING CHAIRMAN: Are there any other questions to be asked of the Captain while he is on the stand?

By Mr. Shaw:

Q. What would be the effect all around, on a ship with these corrugated sides? How would it affect her speed?—A. You are asking me, I suppose, as a ship-master?

Q. Yes.—A. I cannot, for the life of me see, that that corrugation, being external, would have any beneficial effect on the speed of the ship. I cannot see it, I am certainly subject to correction. I do not know, but I do not think so. She may be more buoyant, and she may be less rolling, we might say, which is not altogether beneficial either. If you have too stiff a ship, she is as bad as a bad roller. Suppose you had a cargo of cattle, you would kill all the cattle on deck, if you had a stiff ship.

Q. There is something to be gained by easy rolling?—A. Yes, she is more alive to the sea, and she does not take the fearful force of the sea, if she takes the sea on board, because she rolls better. If you have a deck load of cattle on a stiff ship, you kill the cattle. That blister is entirely external. It is outside the ship.

Q. How would it effect her carrying capacity?—A. I do not know. I would not like to say. Of course, if you have that blister, there is an extra cubic capacity, but when you start to load that blister up you damage the cargo. I am only giving my experience as a ship-master, because when you are loading in Montreal, in the months of July and August, at a temperature of 70, you load that blister up. That ship gets down here, and where you have the water 40 degrees, is not there a condensation which sets up? There must be; and the water will drip off that blister. That is my idea. I do not say it is true, but that is really my idea, that you will have a damaged cargo.

By Sir Eugene Fiset:

Q. Suppose the blister is ventilated?—A. How can you do that? That is a technical point. Of course, all things can be done, I admit.

By Mr. Symington, K.C.:

Q. In fact, you do not know anything about a corrugated ship?—A. No. That is my idea, as a ship-master.

Q. That is quite evident from your evidence.—A. Yes.

Hon. Mr. STEVENS: The Captain is giving his views, as a master mariner, of forty years experience.

Mr. SHAW: As an expert on the subject.

Hon. Mr. STEVENS: I think we are getting information that is valuable and that is of some use to us, from the experience of a master mariner. I will venture to say that his opinion on a corrugated ship is as good, for instance, as the man who made one or two voyages. We all know they are experiments.

Mr. SYMINGTON, K.C.: The man who made the voyages has had actual experiences in handling the ship.

Hon. Mr. STEVENS: I cannot see why there should be criticism of the man giving his views and he is making the statement that he is not speaking as a technical expert, and that he never sailed in one. For what it is worth, it is useful information.

The WITNESS: I was asked for it.

The ACTING CHAIRMAN: It is in the evidence.

Sir EUGENE Fiset: It is expert but not proven information.

The WITNESS: Yes.

The ACTING CHAIRMAN: Has any member of the Committee any questions to ask the Captain? Thank you for attending, Captain. ..

The witness discharged.

Mr. McKENZIE: At the request of the Committee, we have the Chief Engineer of the Cairnmona, Mr. Kay.

Mr. SYMINGTON, K.C.: Mr. Chairman, the clerk just asked me if we want this (indicating document) in. We would have, if you order, the last voyage from Lisbon to Montreal and voyage 38, which is a round voyage across the Atlantic.

The ACTING CHAIRMAN: Shall we order a copy made?

Mr. SYMINGTON, K.C.: Order it read into the evidence.

The ACTING CHAIRMAN: Would you prefer that the report of the two voyages be read into the evidence, from Montreal to Newcastle and from Leith to Montreal?

Mr. McKENZIE: Perhaps we could take several voyages and make it quite representative, rather than specialize on one trip.

Mr. SYMINGTON, K.C.: I have no objection. All I asked the Captain was, to pick out one voyage, which he gave me; voyage 38. I think it is a good voyage to use. If you want to use more, I have not the slightest objection.

The CLERK: Voyage from Leith to Montreal and the voyage from Montreal to Newcastle, and the last voyage, from Lisbon to Montreal.

Hon. Mr. STEVENS: We do not want that.

Mr. SYMINGTON, K.C.: It indicates the present steaming capacity of the ship, that is all.

Mr. McKENZIE: That is just exactly the objection I am taking to this particular voyage. I can readily understand my learned friend's desire to have this particular voyage made an exhibit, because I think he mentioned it was something about an eight or a nine-knot average.

Sir HENRY DRAYTON: He was loafing. It is not a characteristic thing at all. We should have voyages on our own course.

Mr. SYMINGTON, K.C.: We will take two voyages on our own course.

The ACTING CHAIRMAN: Two round voyages.

Hon. Mr. STEVENS: If you like, Mr. McKenzie, pick one and Mr. Symington will pick one, on the North Atlantic trip.

Mr. DUFF: And then you will have to have a third party to pick one.

Hon. Mr. STEVENS: We will let you pick one.

Mr. DUFF: Let them put in whatever they want; the more the better.

EXHIBIT 85

RECORD OF VOYAGE 38, FROM LEITH TO MONTREAL AND FROM MONTREAL TO
NEWCASTLE.

FORM D7.

CAIRNS, NOBLE & CO.,

50—21/7/20. Voy. 38

NEWCASTLE-UPON-TYNE

ABSTRACT of the Log of the S.S. *Cairnmona* from Leith to Montreal.

June 17, 1924. 12.20 a.m. Unmoored, Pilot and two tugs in attendance. 12.40 a.m. Left Leith. 1.15 a.m. Stopped and discharged Pilot. 1.20 a.m. Full away.

Date — 1924	Winds	COURSE	Place at Noon		Distance Run			Hours under Steam	Baro.	Thermo	Remarks
		True	Long.	Lat.	By Obs.	By Log	By Engns				
June 17.....	North....	Var.....	1° 58' W.	57° 49' N.	129'	128'	....	10-40	30-15	48°	5.25 p.m. Dunnet Hd. 9.05 p.m. C. Wrath.
" 18.....	N.E.....	Var.....	10° 37'	59° 19'	306'	298'		24-34	29-95	44°	Strong wind, rough sea. Overcast and rain.
" 19.....	N.E.....	N.89° W.	20° 10'	59° 24'	294'	295'		24-38	29-76	45°	Strong wind and rough sea. S/S rolling heavily.
" 20.....	North....	S. 76° W.	29° 57'	58° 07'	321'	305'		24-39	29-99	47°	Fresh to mod. wind and swell. Fine and clear.
" 21.....	East.....	S. 74° W.	38° 37'	56° 49'	291'	316'		24-35	29-58	44°	Strong wind and sea. Overcast, misty and rainy.
" 22.....	S.E.....	S. 64° W.	46° 20'	54° 43'	288'	305'		24-31	29-56	46°	Mod. wind and sea. Over- cast and clear. Showery.
" 23.....	N.N.W. N.W. South	S. 60° W.	53° 32'	52° 15'	296'	300'		24-29	30-04	36°	Light wind and fine. 5.28 p.m. Belle Isle.
9 hrs. Slow and stop's	Calm.....	S. 63° W.	59° 16'	50° 25'	251'	237'	Fog...	24-23	29-91	45°	Light breeze and smooth. Fine and clear.
" 24.....	S.W.....	Var.....	65° 50'	49° 17'	284'	295'		24-00	29-76	50°	7.42 a.m. Fame Pt. Calm and smooth. Clear.
" 25 Father Pt.....					117'	116'		9-36			9.50 p.m. Father Pt. 10.00 p.m. Proceeded full.
" 26 Total Father Pt.....					2577'			216-05			Noon. Quebec, exchanged Pilots and proceeded full.
" 26 Montreal.....					297'			7-30		Stopped for fog.	
" 26 Mont-real, Total.....					2874'			208-35			10.50 p.m. Anchored below Vercheres.
" 27.....											7.10 a.m. Arrived Mont- real. 7.38 a.m. Moored at No. 11 Shed.

Actual Steaming Time, Father Point, 8 d., 16 h., 35 m.
Total Distance, 2,577'.
General Average, 12.36 kns.

Date and hour of Departure from Leith, 12.40 a.m. 17/6/24.

Draft of Water on leaving Leith...../aft. 17 ft. 1 in.
(forward 12 ft. 6 in.

Hour of Arrival at Montreal, 7.10 a.m. 27/6/24.

Draft of Water on arrival at Montreal.../aft. 15 ft. 9 in.
(forward 11 ft. 6 in.

Passage: 10 days, 2 hours, 10 minutes.

A. W. SWAPP.

FORM D7.

CAIRNS, NOBLE & CO.

50-21/7/20. Voy. 38

NEWCASTLE-UPON-TYNE

ABSTRACT of the Log of the S.S. *Cairnmona* from Montreal to Newcastle.

July 4, 1924. 5.00 a.m. Unmoored. 5.30 a.m. Left Montreal. 11.10 a.m. Three Rivers. Slight breeze, fine and clear.
4.05 p.m. Quebec.

Date 1924	Winds	COURSE	Place at Noon		Distance Run			Hours under Steam	Baro.	Thermo	Remarks
		True	Long.	Lat.	By Obs.	By Log.	By Engas				
July 4	Var.	Var.	Pt. Ci	trou-	84'	84'		H. M. 6-30	30.32	74°	Embarked passenger, proceeded full. 4.14 p.m.
" 5	Var.	S.W.	West 66° 44'	North 49° 12'	292'	292'		23-48	30.24	68°	5.12 a.m. Father Pt., pilot left. 5.16 a.m. Full ahead.
" 6	Var.	S.W. North	59° 38'	50° 14'	289'	285'		24-00	30.04	69°	5.07 a.m. Natashkwan Pt., light breeze and fine.
" 7	Var.	West N.E.	53° 33'	52° 35'	270'	274'		23-50	29.89	48°	5.46 a.m. Belle Isle. Light breeze, smooth, cloudy, clear.
" 8	N. 56° E.	North	47° 20'	55° 07'	269'	268'		23-35	29.82	42°	Strong head wind and sea. Shipping water.
" 9	N. 64° E.	N.E.	41° 54'	56° 44'	224'	220'		23-38	29.70	42°	Mod. gale and high rough sea. Plunging heavily.
" 10	N. 69° E.	N.E. North	38° 03'	57° 31'	135'	176'		23-45	29.51	43°	Mod. gale and high rough sea. Shipping heavy water.
" 11	N. 72° E.	North N.W.	31° 48'	58° 37'	210'	220'		23-35	29.45	49°	Fresh to mod. wind, heavy swell. Cloudy and clear.
" 12	N. 86° E.	S.W. S.E.	23° 27'	58° 57'	260'	272'		23-27	29.61	54°	Mod. breeze and swell. Cloudy, clear and fine.
" 13	S. 89° E.	S.E. W.S.W.	14° 26'	58° 52'	278'	280'		23-24	29.81	58°	Fresh breeze and sea. Cloudy, clear and fine.
" 14	S. 88° E.	W.S.W. S.W.	5° 32'	58° 43'	278'	285'		23-24	30.18	56°	Fresh breeze and sea. 1.38 p.m. C. Wrath, Signalled.
" 15	Var.	South	Tyne	Piers	321'	303'		25-30	30.18	61°	Mod. slight breeze. 2 p.m. Tyne Piers.
					2,910'			268-26			

Actual Steaming to Tyne Piers, 11 d., 4 h., 26 m.
General average, 10.7 kns.

Date and Hour of Departure from Montreal, 5.30 a.m. 4/7/24.
Hour of Arrival at Newcastle, 3.55 p.m. 15/7/24.

Draft of Water on leaving Montreal... aft. 25 ft. 8 in.
forward 25 ft. 7½ in.
Draft of Water on arrival at McQuay... aft. 24 ft. 10 in.
forward 24 ft. 3 in.

Passage: 11 days, 6 hours, 25 minutes.

A. W. SWAPP,
2nd Mate.

WILLIAM KAY called, sworn and examined.

By Mr. McKenzie:

Q. I understand you are the Chief Engineer of the *Cairnmona*?—A. Yes.

Q. The ship referred by Captain Berlin?—A. Yes.

Q. What has been your experience, Chief?—A. How long have I been at sea?

Q. Yes.—A. I have been about 35 or 37 years at sea.

Q. As Chief Engineer?—A. Running into about 30 years.

Q. What certificate do you hold?—A. First-class engineer, Board of Trade.

Q. England?—A. English.

Q. What is the speed of the *Cairnmona*?—A. We endeavour to get 12 knots on a homeward run with a perishable cargo on board.

Q. What is the best speed you get?—A. 286; we run just about 12 knots; sometimes we run a little less. The weather conditions may make it less.

Q. It averages about 12?—A. Yes. Of course, we do not keep this 12 knots up for the whole trip; a great deal depends on the weather, head seas and so on.

Q. Under conditions which are suitable to you, what would be the best speed you could get?—A. A loaded ship?

Q. A light ship?—A. I have seen her running over 13, light ship.

By Mr. Duff:

Q. With a stern wind?—A. Getting into the Gulf of St. Lawrence, with good weather and probably the current with her, from Amber Point and Head Point she will do from 320 to 321; 315 has been common. That is a light ship, with nothing in it, barring ballast.

By Mr. McKenzie:

Q. Have you any records with you of your coal consumption from Montreal to United Kingdom ports?—A. I can give you the coal consumed on the round trip, from the time we took it on at Leith, until we got back at Leith, with the Montreal cargo discharged.

Q. Could you give us some representative voyages of the North Atlantic trade, Montreal to the United Kingdom?—A. The whole coal consumed, by voyage?

Q. The whole coal, and also give us some idea of the speed she attained, with the coal consumption. As it varies, I suppose weather conditions will have a very important bearing on your speed?—A. In 1924—this is the Montreal season—the distance made was by Cape Race, 3,062 miles—

By Mr. Symington, K.C.:

Q. What is the number of that voyage?—A. 37. The time, 273 hours and some minutes, 55 to 60 minutes; 274 hours. This is westbound, you know.

Q. Yes.—A. Speed, 11.2.

By Mr. McKenzie:

Q. Is that knots per hour?—A. Knots per hour, yes, the average speed. This is inclusive of fog or anything.

Q. That is the total average over the total voyage?—A. Yes, the total average over the total voyage. In the passage out, from Leith to Montreal.

Q. That would include stops and fog, bad weather and everything else?—A. You want the coal?

Q. I think you have the coal consumption there, have you not?—A. West-bound, she was burning 38, at that time.

[Mr. William Kay.]

By Mr. Symington, K.C.:

Q. What speed did you say?—A. $11\frac{1}{4}$ knots.

By Mr. McKenzie:

Q. What coal was that, that you were burning at that time?—A. Scotch.

Q. How does that compare with the best Welsh coal?—A. We never had Welsh coal in that ship. I would say we would burn about 5 tons more of this Scotch coal, 5 or 6 tons more than we would of the best Welsh coal.

Q. What percentage would that figure out at, in the way of saving?—A. About 15 per cent, roughly.

Q. About that?—A. Yes.

Q. Have you super-heating in your ship?—A. No, sir.

Q. What is that; I have heard considerable about super-heating?—A. I have never been with it, and I know only what I have read of it. The maker and people who have been with it claim a saving of 25 per cent on the ship's consumption.

Q. By super-heating?—A. By super-heating.

Q. Will you explain to the Committee just what that super-heating means?

A. It is using your waste gases to dry your steam and get a larger volume of steam.

Q. As I understand it, insulation plays a very important part in super-heating; is that correct?—A. All steamers like ours are very much insulated; all steampipes are covered, the boilers are well insulated, and the engine cylinders are well insulated.

Q. What is the estimated saving, according to the builders?—A. With this super-heating?

Q. Yes.—A. 25 per cent.

Q. As much as 25 per cent?—A. Yes. I saw a return from one company, I will not say which it was now, but they had three old ships and it ranged from 17 to 20 per cent, old ships it was put into.

Q. How long would it take to convert one of your own ships from its present condition to a super-heating system?—A. Well, I would say practically three months—from ten weeks to three months.

Q. It would mean the laying up of the ship during that period?—A. The ship would be laid up during that period.

Q. Have you any idea of the capital cost?—A. I could not tell you that.

Q. My information is that it is rather a big job?—A. It is a big job, and costs a lot of money, and I don't know if it would be worth it.

Q. My information is that it takes anywhere from approximately three months to have the installation of the super-heating, and that the capital cost is quite large; as a matter of fact, can you give me some idea of some of your other voyages?—A. Yes.

Q. Something of an average of your speed?—A. Take the year 1924, the whole of the trips. You have had No. 37 west; now do you want 37 east.

By Mr. Duff:

Q. Take No. 37?—A. She left Leith on the 20th of April. We travelled a distance of 3,128 miles eastbound.

By Mr. McKenzie:

Q. Is that from quay to quay?—A. That is from Montreal pier to the Tyne piers, and there is a distance of about 8 miles after that; we have to wait there sometimes for the tide.

Q. Your average is based on the quay to quay distance?—A. That is from quay to quay; it is only a difference of a few miles anyway. We were under steam 292 hours, and at an average speed of 10.9.

[Mr. William Kay.]

By Mr. Symington, K.C.:

Q. 10.9 or 10.69?—A. Maybe it is 10.69. The average daily consumption of coal was from 41 to 42 tons.

By Mr. McKenzie:

Q. Is that the eastbound trip?—A. Loaded, homeward bound. On voyage No. 38 we left Leith on the 17th of June, and had a distance of 2,874 miles, that is, by Belle Isle, with a steaming time of 208 hours, 35 minutes, and a speed of 12.3 knots, on a consumption of 42 tons of Scotch coal. Now we want to take eastbound; No. 38 eastbound, 2,910 miles from Montreal to Newcastle; hours under steam, 268 and 26 minutes; average speed $10\frac{3}{4}$ knots, 10.7, with a daily consumption of 42 tons.

Q. How do you account for making better time westbound than eastbound?—A. She makes some good runs home. We might have had head winds and fog.

By Mr. Duff:

Q. Does that happen very often?—A. We very often have them for two or three days, when the speed is reduced. We might take easterly first, going home.

Q. You seem to make better speed coming west?—A. We might get a help along, we might get the wind in our favour.

By the Acting Chairman:

Q. Homeward bound, would you have a full cargo?—A. We would have a full cargo. Do you want No. 39 now?

Mr. DUFF: You want No. 39, Mr. Symington?

Mr. SYMINGTON, K.C.: We might have No. 39.

The WITNESS: Westbound we had a distance of 2,876 miles, 244 hours' steaming, a speed of 11.6.

By Mr. Symington, K.C.:

Q. Was that from Leith to Montreal?—A. From Leith to Montreal, 11.6.

Q. The Captain had 11.61 from Leith to Montreal?—A. I think that must be wrong.

Q. I guess the Captain is wrong in his figures; you are nearer right, I am pretty sure, than he is?—A. That was on a consumption of 40 to 43 tons, you may say 41 tons. Eastbound she had a distance of 2,885 miles, on a steaming time of 248 hours 15 minutes, with a speed of 11.6 knots and a consumption of 43 tons of Scotch coal. Will that do for that year?

Q. I think so?—A. I can give you two or three voyages in 1923, if you wish.

Q. I do not want them, unless my learned friend does.—There are 12, with an average of 11.3 all that season, almost 12 knots homeward bound, eastbound.

By the Acting Chairman:

Q. On how much coal?—A. 44 tons.

By Mr. McKenzie:

Q. When was this boat built?—A. In 1918 she made her first voyage.

Q. What type of engine?—A. Triple expansion.

Q. Is that representative of the most modern type of engine we have?—A. Yes, one of the most modern type.

The ACTING CHAIRMAN: Are there any other questions anybody wishes to ask?

[Mr. William Kay.]

By Mr. Symington, K.C.:

Q. Have you your original log?—A. Yes, sir. This is not the log-book, it is the abstract from the log-book.

Q. This is your abstract which you make up from your sheets, is it?—A. Yes. (Produced by witness.) It is a job. What particular voyages would you like?

Q. These you have given us of 1924.—A. There is 37, 38. Did you go as far as 39?

Q. These are the three you gave us, Nos. 37, 38 and 39. I will give these back to you afterwards. Have you any idea how much your repairs cost on that boat?—A. No. That is in the hands of the superintendent.

Q. Does it amount to anything much?—A. Sometimes a little more than others, the usual wear and tear on machinery.

Q. The usual wear and tear?—A. Just the usual wear and tear. Then there is the boiler cleaning; we get that done when it is needed.

Q. Have you any idea what it would amount to in your boat a trip or in the season?—A. I don't know, I could not tell you. We have had no repairs since we left home, and we are two months out now.

Q. None at all?—A. Not since we left England.

Q. Would your repairs amount to anything like \$2,500 a voyage?—A. What is that in pounds?

Q. About 547 pounds?—A. I would hardly think so.

Q. Have you sailed any of the other Cairn Line boats?—A. I was with the Thompson Line before they joined up with the Cairn Line.

Q. But you did not sail any of those boats that are on the Cairn Line now; the *Cairnross*, did you sail her?—A. No.

Q. The *Devonia*, did you sail her?—A. She is one of the old ships.

Q. She is not in this list?—A. I guess she has gone the road.

The ACTING CHAIRMAN. Do any other members of the Committee wish to ask any questions?

By Mr. Shaw:

Q. I would like to ask this question: do you know anything about these corrugated ships?—A. No, I don't know anything about those corrugated ships; I have never seen any of them.

Q. You have heard about them, haven't you?—A. I have heard about them, and I saw one capsizing in Quebec.

Q. What is that?—A. I saw one capsized in Québec, and saw it carry away her funnel and winches.

Q. You saw the corrugations at that time?—A. I saw the corrugations then.

Q. What boat was that?—A. That was a boat of 1,400 tons. I think she was rising, and with the type of construction the corrugation threw her right over, she went sliding over, her winches went sliding off the deck along with the funnel. I had nothing to do with it, I was only a spectator.

Q. We had the evidence of the chief engineer of one of the corrugated ships that were practically of the same deadweight tonnage as yours, and his evidence was that he made eight and a half knots on $14\frac{1}{2}$ tons of Welsh coal, on 23 tons 12 knots, and on 20 tons 11 knots?—A. That is remarkable. I have never heard of or seen it done, not with a ship of that tonnage. Probably she has super-heating, the ship you have spoken of; perhaps that had something to do with it.

Q. She crossed the Atlantic on an average of $10\frac{1}{2}$ knots, making 3,019 miles, and her average consumption of coal per day was 23.04 tons. What have you to say about a ship like that?—A. She is a myth.

[Mr. William Kay.]

Q. Is that, as far as coal consumption is concerned, remarkable?—A. Ours is a full-powered ship; we need that type for the winter. We need a substantial, strong ship with full power to stand up against the weather we get in the winter time. A ship like that could not stand up to the winter gales we get.

Q. I was thinking more particularly about her coal consuming capacity. Do you think that possible?—A. No.

Q. With the figures I have given you?—A. No.

Q. You do not think so?—A. I don't think so. Of course it may have been done, but it seems to me to be very doubtful.

Mr. SYMINGTON, K.C.: It is here. I think it is in the evidence, I am not sure.

Hon. Mr. STEVENS: On page 693.

The WITNESS: Then I think you had better let me out of this. It is not fair to ask me that question. Because I have never had the experience of that ship.

The ACTING CHAIRMAN: The witness says it is not fair to ask him such questions.

By Mr. Duff:

Q. You would not like to say anything about that?—A. No, I do not wish to. I may have said too much already.

By Mr. Symington, K.C.:

Q. If you are through; if you will look at this document for a minute. That gives a great deal more details than your log?—A. It is about the same, I should think.

Q. Have you seen that before?—A. I have had a glance at it, I think, somewhere. Boiler pressure. Exactly the same. Indicated horse-power, 1,707 as against our 2,870.

Mr. MONTGOMERY, K.C.: If the witness will speak out; we cannot hear him.

Mr. SYMINGTON, K.C.: It is page 692. I was asking him about this log.

The WITNESS: There is not much in that. Where is his coal consumption?

The ACTING CHAIRMAN: The coal consumption is on the next page. It is a continuous table.

The WITNESS: It is a really wonderful result if it is correct.

By Mr. Symington, K.C.:

Q. He gives the revolutions per minute of his propeller?—A. Yes.

Q. The distance run?—A. Yes.

Q. By observation, and by the screw, the same as you do?—A. Yes.

Q. The speed of the ship in knots, and the coal consumption per day throughout?—A. I think I would like to have seen that coal checked; or weighed. See what he started with and what remained when he finished his voyage.

By Mr. Rinfret:

Q. Does that mean that you do not believe the figures are accurate?—A. Well, it may be possible. I am not going to doubt it.

Q. I am putting a question. You are expressing a doubt as to the accuracy of the figures when you say you would like to see the coal checked.—A. I would like to have seen the coal checked, yes.

[Mr. William Kay.]

Q. When we read this to-morrow we will want to know exactly what the witness meant. When he says, "I would like to see the coal checked" he is expressing a doubt?—A. Well, it is a very small consumption for a 12-knot speed in a boat that size.

By Mr. Symington, K.C.:

Q. But you are not suggesting that Mr. McIntosh, who came here under oath and gave this evidence—that his figures are not correct?—A. No sir, not at all. That would be very wrong for me to do.

Q. You expect that his figures are correct?—A. Yes. That would be very wrong for me to do, I do not know where it might finish.

The ACTING CHAIRMAN: Do you wish to have any of those printed, Mr. Symington?

Mr. SYMINGTON, K.C.: We might print one of them perhaps.

The ACTING CHAIRMAN: Which one?

Mr. SYMINGTON, K.C.: It does not matter. He put in 37, 38 and 39. I do not care which one. They are all about the same.

By the Acting Chairman:

Q. Can you leave those to be printed, Mr. Kay?—A. Yes, I will tear them out of the book because there are some of the others I want.

37 is enough, is it not? You just want one, Mr. Symington?

Mr. SYMINGTON, K.C.: Yes, to compare with this.

The WITNESS: 38 is the better one.

The ACTING CHAIRMAN: He suggests 38.

The WITNESS: This is 38, then.

The ACTING CHAIRMAN: It will be listed as Exhibit 86, and will be printed. Thank you Mr. Kay.

The witness retired.

EXHIBIT

ABSTRACT OF ENGINEER'S LOG OF SS. "CAIRNMONA" FROM LEITH TO

E5. ABSTRACT OF ENGINEER'S LOG OF THE S.S. CAIRNMONA
June 17, 1924. Left Leith 1.23 a.m. Full away 2.25 a.m.

Date	No. of Hours		Steam Pressures. Casings			Vacuum	Grade of Ex- pansion	Revol. per Day	Distance run per Day		Indi- cated H.P.
	Steam- ing	Steam up	H.P.	I.P.	L.P.				Engines	Obvs.	
1924											
June 17.....	10-	11-	175	54	11	26	.56	43,770	129	129	.....
" 18.....	24-34	24-34	175	54	11	26	.....	103,000	305	306	.....
" 19.....	24-38	24-38	175	54	11	26	.....	102,200	303	301	.....
" 20.....	24-39	24-39	175	54	11	26	.....	103,100	305	306	.....
" 21.....	24-35	24-35	175	54	11	26	.....	104,110	309	300	.....
" 22.....	24-31	24-31	175	54	11	26	.....	104,160	309	290	.....
" 23.....	24-29	24-29	175	54	11	26	.....	103,570	306	294	.....
" 24.....	19-	24-20	175	54	11	26	.....	84,310	250	251	.....
" 25.....	24	24	175	54	11	26	.....	106,288	314	284	.....
" 26.....	23-46	24-	175	54	11	26	.....	103,750	307	274	.....
" 27.....	13- 8	19-38	175	54	11	26	.....	56,580	167	139	.....

June 27, 1924. At Montreal 6.36 a.m. Rung 7.38 a.m. / 9 days, 21 hours, 20 minutes.
Above particulars to be filled in for each day, and posted at termination of run to CAIRNS, NOBLE & Co., Newcastle-on-Tyne.

E5. ABSTRACT OF ENGINEER'S LOG OF THE S.S. CAIRNMONA
July 4, 1924. Left Montreal 5.18 a.m. Full away 5.33 a.m.

Date	No. of Hours		Steam Pressures. Casings			Vacuum	Grade of Ex- pansion	Revol. per Day	Distance run per Day		Indi- cated H.P.
	Steam- ing	Steam up	H.P.	I.P.	L.P.				Engines	Obvs.	
1924											
July 4.....	6-27	6-47	175	58	12	26	.56	27,040	80	84	.....
" 5.....	23-48	23-48	175	58	12	26	.....	95,020	281	292	.....
" 6.....	24	24	175	58	12	26	.....	97,170	288	289	.....
" 7.....	23-50	23-50	175	58	12	26	.....	96,450	285	273	.....
" 8.....	23-35	23-35	175	58	12	26	.....	94,680	280	269	.....
" 9.....	23-38	23-38	175	58	12	26	.....	89,080	263	224	.....
" 10.....	23-45	23-45	175	56	11	26	.....	83,150	246	135	.....
" 11.....	23-35	23-35	175	56	11	26	.....	84,410	250	210	.....
" 12.....	23-27	23-27	175	58	13	26	.....	94,100	278	260	.....
" 13.....	23-24	23-24	175	58	12	26	.....	95,170	282	278	.....
" 14.....	23-24	23-24	175	62	13	26	.....	95,480	283	278	2,862
" 15.....	25-10	27-39	175	62	13	26	.....	108,090	320	321	.....

Arrived off the Tyne at 1.50 p.m. Rung off at Newcastle Quay 4.19 p.m. 11 days, 4 hours, 3 minutes.
Above particulars to be filled for each day, in and posted at termination of run to CAIRNS, NOBLE & Co., Newcastle-on-Tyne.

No. 86:

MONTREAL; AND RETURN, MONTREAL TO NEWCASTLE; VOYAGE No. 38

FROM LEITH TO MONTREAL—VOYAGE No. 38

Coals Consumed		Oil Consumed per Day		Temperatures			Density of Boilers			Draught at Fan	Remarks
Per Day	Quality	Cyl-inder	Engine	Sea	Dis-charge	Feed W.	Port	Centre	S'board		
22	Good...	$\frac{1}{2}$	3	50	130	210	F.	F.	F.	2'	Fine weather. All going well.
42	" ..	$\frac{1}{2}$	5	52	130	210	"	"	"	.....	Fine weather. All going well.
42	$\frac{1}{2}$	5	52	130	210	"	"	"	.....	Strong wind, with sea on Quarter.
42	$\frac{1}{2}$	5	52	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	$\frac{1}{2}$	5	52	130	210	.....	.....	.....	.....	Strong wind, with sea on Quarter.
42	$\frac{1}{2}$	5	52	130	210	.....	.....	.....	.....	Strong wind, with heavy beam sea.
42	$\frac{1}{2}$	5	44	130	210	.....	.....	.....	.....	Strong wind, with sea on Bow.
28	$\frac{1}{2}$	5	42	130	210	.....	.....	.....	.....	Fog. Stopped $5\frac{1}{2}$ hours. Speed reduced 2 hours.
42	$\frac{1}{2}$	5	48	130	200	.....	.....	.....	.....	Strong wind, with sea on Bow.
42	$\frac{1}{2}$	5	56	130	210	.....	.....	.....	.....	Quebec 11.47 a.m. to 11.54 a.m.
30	$\frac{1}{2}$	4	66	130	210	.....	.....	.....	.....	Anchored for $6\frac{1}{2}$ hours.

Draughts {Departure, 12 ft. 0 in. 17 ft. 6 in.
Arrival, 11 ft. 6 in. 15 ft. 9 in.

WILLIAM KAY,
Chief Engineer.

FROM MONTREAL TO NEWCASTLE—VOYAGE No. 38

Coals Consumed		Oil Consumed per Day		Temperatures			Density of Boilers			Draught at Fan	Remarks
Per Day	Quality	Cyl-inder	Engine	Sea	Dis-charge	Feed W.	Port	Centre	S'board		
12	Good...	$\frac{1}{2}$	2 $\frac{1}{2}$	66	130	210	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	2'	Fine weather. All going well.
42	" ..	$\frac{1}{2}$	5	50	130	210	.....	.....	.....	.....	Father Point 5.13 a.m. to 5.18 a.m.
42	" ..	$\frac{1}{2}$	5	48	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	" ..	$\frac{1}{2}$	5	44	130	210	.....	.....	.....	.....	Fresh wind, with head sea.
42	" ..	$\frac{1}{2}$	5	48	130	210	.....	.....	.....	.....	Fresh wind, with sea on Bow.
42	" ..	$\frac{1}{2}$	5	48	130	210	.....	.....	.....	.....	Strong wind, with heavy head sea.
40	" ..	$\frac{1}{2}$	5	48	130	210	.....	.....	.....	.....	Gale with heavy head sea.
40	" ..	$\frac{1}{2}$	5	48	130	210	.....	.....	.....	.....	Gale with heavy head sea.
42	" ..	$\frac{1}{2}$	5	54	130	210	.....	.....	.....	.....	Moderate wind, with head swell.
42	" ..	$\frac{1}{2}$	5	56	130	210	.....	.....	.....	.....	Fine weather. All going well.
42	" ..	$\frac{1}{2}$	5	56	130	210	.....	.....	.....	.....	Fresh wind, with sea on Beam.
50	" ..	$\frac{1}{2}$	5	58	130	210	8	8	8	.....	Moderate wind, with choppy sea on Bow.

Draughts {Departure, 25 ft. 8 in. 35 ft. 8 in.
Arrival, ft. in.

WILLIAM KAY,
Chief Engineer.

SPECIAL COMMITTEE

COAL STATEMENT

	Name of Coals	Quality	Average Consumption in 24 Hours	Quantity
Surplus per last account.....				188
Got at Leith.....	Blairhall.....	Good.....	1,050·15	502·17
	Bannockburn Co.....			300·2
	Aitken.....			247·16
Total Tons.....				1,238·15

Used in Working Cargoes, Getting up Steam, etc.....	Tons	7·15
Used in Steaming on passages.....	"	426
Discharged.....	"	
Coal Short.....	"	
Balance remaining on Board.....	"	805
Total Tons.....		1,238·15

REPORT OF STORES

Where Received	From Whom Received	Remarks as to Quality

COAL STATEMENT

	Name of Coals	Quality	Average Consumption in 24 Hours	Quantity
Surplus per last account.....				805
Total Tons.....				805

Used in Working Cargoes, Getting up Steam, etc.....	Tons	65
Used in Steaming on passages.....	"	478
Discharged.....	"	
Coal Short.....	"	
Balance remaining on Board.....	"	262
Total Tons.....		805

REPORT OF STORES

Where Received	From Whom Received	Remarks as to Quality

The ACTING CHAIRMAN: Is there anything more, Mr. Symington?

Mr. SYMINGTON, K.C.: I was told you wanted to adjourn now, Mr. Chairman.

The ACTING CHAIRMAN: Have you witnesses for to-night?

Mr. SYMINGTON, K.C.: I want to put Mr. Scott in the box. He wants to get away. We might have a short session.

The ACTING CHAIRMAN: Then we will adjourn until 8.30 this evening.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: We have our quorum, gentlemen; the committee will come to order. Mr. Symington, what is the first item of business this evening.

Mr. SYMINGTON, K.C.: Mr. Scott, sir.

The CHAIRMAN: Is Mr. Scott here? Will he please resume the witness chair.

GORDON W. SCOTT recalled.

By Mr. Symington, K.C.:

Q. Mr. Scott, you were asked to make a report to the committee on the information furnished to you. Have you made a report?—A. I have.

Q. And you produce it?—A. That is the original.

Q. You produce an original report, EXHIBIT 87?

Witness reads report.

EXHIBIT No. 87

REPORT ON AND STATEMENTS COMPILED FROM VOYAGE SUMMARIES OF VARIOUS STEAMSHIP LINES OPERATING IN THE NORTH ATLANTIC CANADIAN TRADE 1923-1924.

Prepared by Gordon W. Scott, Chartered Accountant, 142 Notre Dame Street West, Montreal.

MONTREAL, May 23, 1925.

To the Chairman and Special Committee appointed
to consider the Resolution
to give the Government of Canada
control over certain Ocean Rates.

SIRS,—Pursuant to Resolution relating to my appointment as auditor to assist counsel for your Committee, and as recorded in the minutes of proceedings of your Committee of Friday April 24, 1925, I attended at Ottawa with a view to giving such service as might be suggested in connection therewith.

[Mr. Gordon W. Scott.]

All Exhibits submitted herewith have been compiled from the figures for 1923 and 1924, supplied to me by the various companies engaged in the North Atlantic Canadian Trade. The number of steamers and voyages dealt with are as follows:—

	Steamers	Voyages
Cargo, 1923..	61	247
1924..	73	261
Passenger cargo, 1923..	24	181
1924..	25	213

I take no responsibility for the accuracy of the results or the distribution of expenses as they appear on the documents submitted.

I am willing to assume responsibility for the mathematical accuracy of the Exhibits hereto attached, and any figures in support thereof, with the reservations aforementioned.

It will be noted that these figures do not contain results from the Canadian Government Merchant Marine.

As a result of my investigation, I have prepared and submit herewith.

Exhibit 1.—Statement setting forth the results from operations of cargo steamers and passenger-cargo steamers, separated, for the years 1923 and 1924.

While the resolution suggests that a similar statement should be produced for 1913, the information available would not permit of such a statement being produced which could be of value.

It is my opinion that it is necessary to take into consideration the passenger-cargo steamers when considering this particular industry, inasmuch as in 1923 approximately 40 per cent of freight earnings was derived from passenger-cargo steamers, and 43 per cent in 1924. The records suggest that the gross return per ton carried on passenger-cargo steamers is better than that carried on cargo steamers.

Exhibit 1 has been subdivided so as to present:

(A) Statement setting forth results for 1923 and 1924, assuming that it is impossible to apportion the operating expenses as between freight and passenger service on passenger-cargo steamers.

(B) Statement setting forth results for 1923 and 1924 after apportioning operating expenses where they were indicated as being attributable to passenger earnings, against such earnings, and where indicated as such against freight earnings.

The balance of expenses has been apportioned on the basis that the percentage of freight earnings and passenger earnings bears to the total freight and passenger earnings.

(C) Statement setting forth results for 1923 and 1924, after apportioning operating expenses where they were indicated as being attributable to passenger earnings against such earnings, and where indicated as such against freight earnings.

The balance of expenses has been apportioned on the basis that the percentage of freight, passenger and mail earnings bears to the total freight, passenger and mail earnings.

(D) Statement setting forth the results for 1923 and 1924 of cargo steamers only.

These Exhibits suggest that in 1924 freight earnings on cargo steamers increased approximately \$600,000 over 1923, and expenses decreased approximately \$500,000, resulting in the conversion of a loss of approximately \$930,000 to a profit of approximately \$168,000, before charging any lay-up expense or depreciation.

With reference to the passenger-cargo steamers, while the total freight earnings appear to have increased \$1,400,000, which accounts for the greater portion of the increase in the total earnings of these passenger-cargo steamers, the total expenditures have gone up \$4,600,000, the net result being a decrease in the profits of approximately \$3,100,000.

In connection with these Exhibits, an effort has been made to show the total management, agency, brokerage or overhead expenses, etc., but I take no responsibility for the accuracy of these figures, inasmuch as the various lines whose figures are included herein classify expenditures of this nature in various ways; and, further, I have no personal knowledge as to the details thereof.

With the exception of the Canadian Pacific Steamships, where I made a test examination, I have not been furnished with any supporting documents from which the various details submitted could be verified, and I have been unable for this reason to account for the variations in individual items of expenditure.

For example, and in reference to the evidence given by Mr. Cleminson regarding the 1924 expenses (p. 23 of the printed evidence), I have made a comparison of the percentage of these expenditures to the total earnings, and find:—

Port charges on the different lines vary from a maximum of 48.9 to a minimum of 33.6 per cent of total earnings.

Fuel varies from 28.7 per cent to 17 per cent.

Wages varies from 12.8 per cent to 8.6 per cent.

Stores and provisions vary from 6.6 per cent to 4.3 per cent.

Insurance varies from 10 per cent to 2.5 per cent.

Repairs vary from 9.2 per cent to 2.7 per cent.

Management commission and brokerage, general expense, etc., vary from 16.9 per cent to 6.8 per cent.

All of these variations, at present unexplained, make my figures less useful than they otherwise might be.

In the absence of data regarding the number of steaming days, speed, and coal consumption, it is impossible to understand the variations in the fuel costs.

I have made an effort to arrive at consistent figures and have submitted a questionnaire to the representatives of the various lines, whose answers to such questionnaires were received in writing, as well as the questionnaires, are hereto attached as Exhibit No. 3.

It will be noticed that my Exhibit 1-D has been prepared with special reference to the statement filed as Exhibit 35. It is my opinion that the value of this statement as a reflex of the industry, is doubtful, owing to the fact that it does not incorporate therein the results from carrying freight on passenger-cargo steamers.

Further, it is my opinion that Exhibit 35, as filed, does not give a complete picture of the North Atlantic traffic, by reason of the omission of the operations of the passenger-cargo steamers as aforesaid, and also the omission of the operations of certain of the companies, the returns for which I understand had not been received when Exhibit 35 was compiled. By reason of these omissions, Exhibit 35 deals with only some \$6,000,000 of freight earnings, out of a total of some \$16,000,000 of freight earnings in 1923 and \$8,600,000 of freight earnings out of a total of \$18,400,000 of freight earnings in 1924, and presumably mostly with lower-class cargoes.

It had been my intention to arrive at a figure representing the capital employed in the industry, but I have not been furnished with the figures showing the original cost, depreciated value, nor the replacement or sound value of the steamers of all lines.

The evidence discloses that some of the steamers referred to are not steamers exclusively on Canadian service. This is established by the fact that one of the steamship companies uses as many as twenty-nine steamers, averaging about two trips each, and this is further emphasized by the average voyage per steamer, shown on Exhibit 1-D. I have, therefore, deemed it inadvisable to submit any figures in this connection.

An attempt was made to divide the freight earnings as between east and westbound freight, but only some of the lines submitted this information. The figures available exceed one-half of the total freight earnings on cargo steamers, and show that in 1923 seventy-eight per cent (78%) was earned from eastbound freight, and twenty-two per cent (22%) was derived from westbound freight. In 1924 apparently eighty-two per cent (82%) was derived from eastbound freight, and eighteen per cent (18%) from westbound freight.

I have compiled some statistics from the figures submitted and have set these forth on Exhibit 1-D:—

- (a) The percentage each classification of expense bears to the total expense.
- (b) The percentage each classification of expense bears to the total earnings.
- (c) The expenditures classified and averaged per voyage.
- (d) The expenditures classified and averaged per voyage day.

It is difficult to draw final conclusions from these figures, inasmuch as the units and individual classifications of the different lines vary.

Respectfully submitted.

(Sgd.) GORDON W. SCOTT,
Chartered Accountant.

EXHIBIT No. 1-A

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE
NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923				1924			
	\$	cts.	\$	cts.	\$	cts.	\$	cts.
<i>Cargo Steamers—</i>								
Total Freight Earnings.....					10,041,893 00			10,615,646 00
Total Operating Expense before Management Agency, Brokerage and Sundry Expenses, etc.....					9,948,323 00			9,246,876 00
Profit, before Management, Brokerage, Sundry Expenses, etc.....					93,570 00			1,368,770 00
<i>Deduct—</i>								
Management, Agency Brokerage, Sundry Expenses, etc.....					1,023,533 00			1,199,989 00
Profit or Loss before charging Lay-Up Expense or Depreciation.....					929,963 00			168,781 00
<i>Passenger-Cargo Steamers—</i>								
Total Freight Earnings.....	6,428,023 00					7,864,798 00		
Total Mail and Miscellaneous Earnings.....	519,797 00					624,627 00		
Total Passenger Earnings.....	17,852,420 00					17,824,371 00		
Total Operating Expenses of all kinds.....					24,800,240 00		26,313,796 00	
Profit, before charging Lay-Up Expenses or Depreciation.....					19,304,014 00		16,915,272 00	
Lay-Up Expenses—								
Cargo Steamers.....					5,496,226 00			2,398,524 00
Passenger-Cargo Steamers.....								
					73,682 00			148,514 00
					299,003 00			133,976 00

[Mr. Gordon W. Scott.]

EXHIBIT No. 1-B

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE
NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923			1924		
	\$	cts.	\$	cts.	\$	cts.
<i>Cargo Steamers—</i>						
Total Freight Earnings.....			10,041,893 00		10,615,646 00	
Operating Expense.....			10,971,856 00		10,446,865 00	
Profit or Loss before charging Lay-Up Expense or Depreciation.....			929,963, 00		168,781 00	
<i>Passenger-Cargo Steamers—</i>						
Total Freight Earnings.....	6,428,023 00				7,864,798 00	
Total Freight Operating Expense, charging direct expenses where indicated as such and apportioned General Operating Expenses on basis of Freight Earnings to Total Freight and Passenger Earnings.....	4,977,519 00		1,450,504 00		7,227,668 00	
Total Passenger Earnings.....	17,852,420 00				17,824,371 00	
Total Passenger Operating Expense, charging direct Expenses where indicated as such and apportioning General Operating Expenses on basis of Passenger Earnings to Total Freight and Passenger Earnings.....	14,326,495 00		3,525,925 00		16,687,604 00	
Mail and Miscellaneous Earnings.....			519,797 00			1,136,767 00
Profit, before charging Lay-Up Expenses and Depreciation.....			5,496,226 00			624,627 00
<i>Lay-Up Expenses—</i>						
Cargo Steamers.....	73,682 00				148,514 00	
Passenger-Cargo Steamers.....	299,003 00				133,976 00	
						2,398,524 00

EXHIBIT No. 1-C

STATEMENT OF COMBINED EARNINGS AND OPERATING EXPENSES OF STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923		1924	
	\$	cts.	\$	cts.
<i>Cargo Steamers—</i>				
Total Freight Earnings.....			10,041,893 00	10,615,646 00
Total Operating Expense, before Management, Agency Brokerage, Sundry Expenses, etc.....			9,948,323 00	9,246,876 00
Profit, before Management, Brokerage, Sundry Expenses, etc.....			93,570 00	1,368,770 00
<i>Deduct—</i>				
Management, Agency Brokerage, Sundry Expenses, etc.....			1,023,533 00	1,199,989 00
Profit or Loss, before charging Lay-Up Expense or Depreciation.....			929,963 00	168,781 00
<i>Passenger-Cargo Steamers—</i>				
Total Freight Earnings.....	6,428,023 00			7,864,798 00
Total Freight Operating Expense, charging direct Expenses where indicated as such, and apportioning General Operating Expense on basis of Freight Earnings to Total Earnings.....	5,019,043 00			7,174,582 00
Total Passenger Earnings.....	17,852,420 00		1,408,980 00	17,824,371 00
Total Passenger Operating Expense, charging direct Expenses where indicated as such, and apportioning General Operating Expenses on basis of Passenger Earnings to Total Earnings.....	13,898,890 00		3,953,530 00	16,262,385 00
Total Mail and Miscellaneous Earnings.....	519,797 00			624,627 00
Total Mail and Miscellaneous Operating Expense, charging General Operating Expense on basis of Mail and Miscellaneous Earnings to Total Earnings.....	386,081 00			478,305 00
Profit, before charging Lay-Up Expense or Depreciation.....	5,496,226 00		133,716 00	
<i>Lay-Up Expenses—</i>				
Cargo Steamers.....	73,682 00			148,514 00
Passenger-Cargo Steamers.....	299,003 00			133,976 00

[Mr. Gordon W. Scott.]

EXHIBIT No. 1-D

STATEMENT OF EARNINGS AND OPERATING EXPENSES OF CARGO STEAMERS OF VARIOUS LINES ENGAGED IN THE NORTH ATLANTIC CANADIAN TRADE AS SHOWN BY VOYAGE SUMMARIES SUBMITTED FOR INSPECTION

	1923				1924					
	Total	Per Cent to Total Expense	Per Cent of Expense to Earnings	Per Voyage	Per Day	Total	Per Cent to Total Expense	Per Cent of Expense to Earnings	Per Voyage	Per Day
Number of Steamers.....	61					73				
Number of Voyages.....	247					261				
Average Voyage per Steamer.....	4					3.5				
Voyage Days.....	14,764					13,342				
Average Voyage Days per Voyage.....	59.5					51.5				
Steaming Days.....										
Average Steaming Days per Voyage.....										
Original Cost of Steamers.....										
Replacement Cost at fair value.....										
Depreciated Value of Steamers.....										
Earnings—										
East.....	\$4,424,909					\$4,622,945				
West.....	1,271,637					1,045,776				
Undistributed.....	4,118,787					4,820,441				
Intermediate.....	103,492					3,428				
Miscellaneous.....	123,068					123,056				
Total Earnings.....	\$10,041,893		100.	\$40,655	\$680	\$10,615,646		100.	\$40,673	\$795
Operating Expense—										
Port Charges.....	\$4,248,519	38.7	42.4	\$17,201	\$288	\$4,147,058	39.7	39.1	\$15,889	\$311
Fuel.....	2,367,338	21.6	23.6	9,584	160	2,320,465	22.2	21.8	8,891	174
Wages.....	1,223,675	11.2	12.2	4,954	83	1,095,459	10.5	10.3	4,197	82
Stores and Provisions.....	626,703	5.7	6.2	2,537	42	570,790	5.5	5.4	2,187	43
Insurance.....	748,183	6.8	7.4	3,029	51	550,163	5.3	5.2	2,108	41
Repairs.....	733,905	6.7	7.3	2,971	50	562,941	5.4	5.3	2,157	42
Management and General.....	534,156	4.9	5.3	2,162	36	748,994	7.1	7.1	2,869	56
Agency Brokerage and Comm.'s.....	225,813	2.0	2.2	914	15	281,096	2.7	2.6	1,077	21
Sundries.....	263,564	2.4	2.6	1,067	18	169,899	1.6	1.6	651	13
Total Expense.....	\$10,971,856	100.0	109.2	\$44,419	\$743	\$10,446,865	100.0	98.4	\$40,026	\$783
Profit/Loss, before charging Lay-Up Expense or Depreciation.....	929,963		9.2	\$3,764	63	\$168,781		1.6	\$647	\$12

EXHIBIT No. 2

STATEMENT OF INDIVIDUAL ITEMS OF EXPENDITURE OF ALL CARGO STEAMERS

(A) Compared with Similar Items Referred to in Evidence given by Mr. H. M. Cleminson (p.p. 23 of Printed Evidence).

(B) Showing Variations of these Items as between the Different Lines.

	Number of Days of Freight Earnings which have been absorbed by each item of Expense	Equiv- alent to—	Actual Percentage for all Lines, per Exhibit 1-D	Maximum	Minimum
		%	%	%	%
Port Charges.....	154	42.2	39.1	48.9	33.6
Fuel.....	69	18.9	21.8	28.7	17
Wages.....	33	9	10.3	12.8	8.6
Stores and Provisions.....	21	5.7	5.4	6.6	4.3
Insurance.....	26	7.1	5.2	10	2.5
Repairs.....	17	4.6	5.3	9.2	2.7
Management, General Agency and Brokerage	26	7.1	11.3	16.9	6.8
Interest, Depreciation, etc.....	20	5.4	1.6		
	366	100	100		

The WITNESS: Now, shall I read these statements?

Mr. SYMINGTON, K.C.: Yes, read and explain each statement.

Sir HENRY DRAYTON: Read each statement.

The WITNESS: Exhibit No. 1A is a statement of combined earnings and operating expenses of steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection. 1923 the total earnings—

Mr. SYMINGTON, K.C.: Will this not all be printed?

The CHAIRMAN: I thought the witness would explain as he went along. Do not read the figures too rapidly as they must be taken down by the reporter.

The WITNESS: I do not think there is any other explanation than the figures.

The CHAIRMAN: Very well, proceed.

Mr. SYMINGTON, K.C.: That is cargo steamers?

The WITNESS: It is marked cargo steamers on the side. In 1923 the total freight earnings were \$10,041,893; total operating expenses before management agency, brokerage and sundry expenses, etc., \$9,948,323; profit before management, brokerage, sundry expenses, etc., \$93,570; deducting management, agency brokerage, sundry expenses, etc., \$1,023,533. The red ink figures denote losses. You will notice at the bottom of the page is a memorandum of the lay-up expenses that are not included in these figures. On the cargo steamers there was a lay-up expense of \$73,682 in 1923.

In 1924—dealing with the cargo steamers again—the total freight earnings were \$10,615,646. That is an increase of approximately \$600,000. The total operating expenses before management, agency brokerage and sundry expenses was \$9,246,876. That is a decrease of approximately \$700,000 in expenses, resulting in a profit before management, brokerage, sundry expenses etc. of \$1,368,770. The management, agency brokerage, sundry expenses etc. amounted to \$1,199,989, or an increase of \$170,000; the net result being a profit of \$168,781. That is, before charging lay-up expenses and depreciation. The

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lay-up expenses for cargo steamers in that year were \$148,514. If we applied the lay-up expenses, the profits would naturally be decreased by that amount.

The passenger cargo steamers: total freight earnings in 1923, were \$6,428,023; total mail and miscellaneous earnings, \$519,797; total passenger earnings, \$17,852,420, or total earnings of \$24,800,240; total operating expenses of all kinds, \$19,304,014, producing a profit before charging lay-up expenses or depreciation of \$5,496,226. The lay-up expenses, as noted at the bottom, were \$299,003.

In 1924, the total freight earnings were \$7,864,798, an increase of approximately \$1,400,000. The total mail and miscellaneous earnings were \$624,627, an increase of about \$100,000. Total passenger earnings \$17,824,371—remaining about the same; the total earnings were \$26,313,796, an increase of approximately \$1,500,000; total operating expenses, \$23,915,272, or an increase of about \$4,600,000, providing before charging lay-up expenses or depreciation, a profit of \$2,398,524.

Mr. RINFRET: I suppose this is not the proper time to put questions?

Mr. SYMINGTON, K.C.: I think we had better do that afterwards. He will be through in a moment. You might make a memorandum of your questions.

The WITNESS: Exhibit 1B is a statement of combined earnings and operating expenses of steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection. This statement is drawn up charging the freight earnings and passenger earnings where the items were indicated as belonging to that particular class of traffic against that particular item, and assuming that the balance of expenses should be pro-rated over the earnings. Following that suggestion, I took the cargo steamers. Total freight earnings for 1923, \$10,041,893; total expenses, \$10,971,856, or a loss, before charging lay-up expenses and depreciation, of \$929,963.

In 1924, the total freight earnings were \$10,615,646; the total operating expenses, \$10,446,865, or a profit of \$168,781. This again before charging lay-up.

The passenger cargo steamers: total freight earnings for 1923 were \$6,428,023. Now, the total freight operating expenses charging direct expenses where indicated as such, and apportioning general operating expenses on basis of freight earnings to total freight and passenger earnings, amounted to \$4,977,519, and would produce a profit over that part of the traffic, on that basis, of \$1,450,504.

The total passenger earnings were \$17,852,420; total passenger operating expenses, charging direct expenses where indicated as such, and apportioning general operating expenses on basis of passenger earnings to total freight and passenger earnings amounted to \$14,326,495, or a profit on the passenger department of \$3,525,925. The mail and miscellaneous earnings were put in as gross earnings on this exhibit, amounting to \$519,797, making a profit before charging lay-up and depreciation of \$5,496,226.

As compared to that, we have for 1924, cargo steamers, total freight earnings, \$7,864,798, or an increase of approximately \$1,400,000. The total freight operating expense, charging direct expenses—using the same bases of apportionment—amounted to \$7,227,668; they absorbing their share of the increased expenses of that year.

The total passenger earnings were \$17,824,371, and the total passenger operating expenses, using the same bases of apportionment, would be \$16,687,604. I do not think I mentioned the profit on the passenger cargo steamers, which was \$637,130, and on the passenger earnings would be \$1,136,767. The mail and miscellaneous earnings were again put in at gross, amounting to \$642,627, and would give a profit of \$2,398,524.

[Mr. Gordon W. Scott.]

Now Exhibit 1C is practically the same as 1B, with this exception: that we have apportioned some of these expenses over mail and miscellaneous earnings. Shall I read that?

Sir HENRY DRAYTON: I have just glanced over it. It seems to be very much the same.

The WITNESS: It is, except that I have charged some of these expenses against the mail.

Sir HENRY DRAYTON: Skip that, and go to the next one.

The WITNESS: All right.

Sir HENRY DRAYTON: That looks like an interesting one.

The WITNESS: This is a statement of the earnings and operating expenses of cargo steamers of various lines engaged in the North Atlantic Canadian trade as shown by voyage summaries submitted for inspection, 1923 and 1924. In explanation, I have attempted—first of all, I have the number of steamers, the number of voyages, the average voyage per steamer, number of voyage days, average voyage days per voyage. I wanted to put in the steaming days, but I did not have it in sufficient detail so that I could use it; I wanted to get the average steaming days per voyage, and I had the same problem there. The original cost of steamers. I did not have them in all cases, so I could not use them. The replacement cost as a fair value I did not have, and the depreciated value of steamers was another missing link. I also took the percentage of each individual item to the total expense, and then I took the percentage of expenses to earnings, and divided it into the item "per voyage," and got it down to "per voyage day." Nineteen hundred and twenty-three and 1924 are on the same basis. In 1923, the number of steamers employed were 61; number of voyages, 247; average voyage per steamer, 4; voyage days, 14,764; average voyage days per voyage, 59.5, against 1924, with a total of 73 steamers, with 261 voyages, showing an average voyage per steamer of 3.5; voyage days, 13,342; and the average days per voyage, 51.5.

I divided it, where I could, between east and westbound. In 1923 the earnings were \$4,424,909, against \$4,622,945 in 1924. That is eastbound. West, \$1,271,637 against \$1,045,776; undistributed, \$4,118,787 and \$4,820,441 in 1924. By undistributed I mean the voyage summary did not indicate the difference between east and westbound revenue. Where they were shown as intermediate ports, I have separated them; \$103,492 in 1923; in 1924, 103,428; miscellaneous \$123,068 in 1923; in 1924, \$123,056. Operating expense in 1923, \$4,248,519 against \$4,147,058 in 1924. Those are port charges. Fuel, 1923, \$2,367,338 against \$2,320,465 in 1924; wages, 1923, \$1,223,675 against \$1,095,459, in 1924; stores and provisions, \$626,703 against \$570,790; Insurance \$748,183 against \$550,163; repairs, \$733,905 against \$562,941; management and general \$534,156 against \$748,994; agency, brokerage and commissions, \$225,813 against \$281,096; sundries, \$263,564 against \$169,899. Total operating expense, \$10,971,856 against \$10,446,865, in 1924. Now, the percentage of each individual expense item to the total expense item in 1923: port charges were 38.7 per cent against 39.7 per cent, in 1924; fuel was 21.6 in 1923 against 22.2 in 1924; wages, 11.2 against 10.5 in 1924; stores and provisions were 5.7 in 1923 against 5.5 in 1924; insurance 6.8 against 5.3 in 1924; repairs, 6.7 in 1923 against 5.4 in 1924; management and general 4.9 in 1923, against 7.1 in 1924; agency, brokerage and commissions, 2.0 in 1923 against 2.7 in 1924; sundries, 2.4 in 1923 against 1.6 in 1924. Now, the per cent of expense as to earnings: in 1924, port charges were 42.4 per cent against 39.1 per cent; fuel, 23.6 per cent against 21.8 per cent; wages, 12.2 per cent against 10.3 per cent; stores and provisions, 6.2 per cent against 5.4 per cent; insurance, 7.4 per cent against 5.2 per cent in 1924;

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repairs, 7.3 per cent against 5.3 per cent in 1924; management and general, 5.3 per cent against 7.1 per cent in 1924; agency, brokerage and commissions, 2.2 per cent against 2.6 per cent; sundries, 2.6 per cent against 1.6 per cent; the total being 109.2 per cent in 1923, producing a loss, as against 98.4 per cent, in 1924, producing a small profit. The per voyage port charges in 1923 were \$17,201 against \$15,889 in 1924; fuel, \$9,584 against \$8,891 in 1924; wages, in 1923, \$4,954 against \$4,197 in 1924; stores and provisions, \$2,537 against \$2,187; insurance, \$3,029 against \$2,108; repairs, \$2,971 against \$2,157; management and general, \$2,162 against \$2,869; agency, brokerage and commissions, \$914 against \$1,077; sundries, \$1,067 against \$651. And the per voyage day port charges were in 1923, \$288 as against \$311; fuel, \$160 against \$174; wages, \$83 in 1923 as against \$82, in 1924; stores and provisions, in 1923, \$42 as against \$43 in 1924; insurance, \$51 against \$41 in 1924; repairs, \$50 in 1923 as against \$42, in 1924; management and general, 1923, \$36 as against \$56 in 1924; agency, brokerage and commissions, 1923, \$15 as against \$21 in 1924; sundries, 1923, \$18 as against \$13, in 1924. There is just one more exhibit, which I did not go over. Do you wish me to do this.

The CHAIRMAN: I think so, seeing you have gone so far.

The WITNESS: This is the last one.

Statement of individual items of expenditure of all cargo steamers:—

- (a) Compared with similar items referred to in evidence given by Mr. Cleminson, page 23 of printed evidence.
- (b) Showing variations of these items as between the different lines. The first column on this is copied from the printed evidence of Mr. Cleminson. I reduced it to percentages and then I used it as a basis to compare the actual. In that evidence of Mr. Cleminson the port charges were 42.2 per cent of revenue as against 39.1 per cent; fuel was 18.9 per cent as against 21.8; wages were 9 per cent as against 10.3; stores and provisions were 5.7 per cent as against 5.4; insurance, 7.1 per cent as against 5.2; repairs, 4.6 against 5.3; management, general agency and brokerage, 7.1 against 11.3; interest, depreciation, etc., 5.4 per cent against what I have left, after I charge these other items, 1.6 per cent. In port charges, while the actual is 39.1 per cent, some of them run as high as 48.9 per cent, as against a minimum of 33.6 per cent. The actual was 21.8 maximum; minimum, 17 per cent; wages, the actual is 10.3 per cent against 12.8 maximum and 8.6 minimum; stores and provisions, 5.4 per cent; maximum, 6.6 per cent; minimum, 4.3 per cent. Insurance, 5.2 per cent; maximum, 10 per cent; minimum, 2.5 per cent; repairs, 5.3 per cent; maximum, 9.2 per cent; minimum, 2.7 per cent; management, general agency and brokerage, actual, 11.3 per cent; maximum, 16.9 per cent; minimum, 6.8 per cent.

The CHAIRMAN: Now, perhaps we should allow Mr. Symington to ask some questions which he may have prepared, and the various members of the committee will ask questions.

The CHAIRMAN: Now, Mr. Symington, have you any questions to ask Mr. Scott?

Mr. SYMINGTON, K.C.: I have very few, sir.

Sir EUGENE Fiset: I do not think that any of the members of this Committee have had time to digest this report. Notwithstanding the fact that Mr. Symington might ask some questions I am one of those who think they should postpone the examination of the report for at least one day, so that we may study it and digest it.

[Mr. Gordon W. Scott.]

Mr. SYMINGTON, K.C.: I have only two questions. I was going to ask Mr. Scott if he could give any explanation of the increased expenses of 1924 over 1923, shown in the passenger cargo liners.

Hon. Mr. STEVENS: What exhibit.

Mr. SYMINGTON, K.C.: I think it is in them all. I think in 1A, which I have open before me.

The WITNESS: I cannot give anything—

By Mr. Symington, K.C.:

Q. Just a moment until I finish my question. In view of the fact that I notice in passing, that the increase in expenses in the cargo liners is very small; in fact, it is less—in the straight cargo liners the expenses are less in 1924 than in 1923; that is, in the boats carrying freight only. Have you any explanation as to the increase of \$4,000,000 in expense in the boats carrying passengers and freight?—A. I have no personal knowledge of the case.

Q. Is there anything in the figures which indicate— —A. Nothing in the figures— I will put it this way: I have no personal knowledge of why they should increase, other than explanations that I have asked for, and the explanation that I got was this, that the passenger side of the passenger cargo boats expected considerable traffic to the United Kingdom on account of the Wembley Exhibition, which did not materialize. That is the explanation that I got.

By Mr. Rinfret:

Q. You mean they got prepared for it?—A. They got prepared for a large passenger traffic to Wembley, that did not materialize.

By Mr. Symington, K.C.:

Q. So that that tremendous increase, or that large increase of four million dollars was then applicable to freight or passenger boats, do you think?—A. If that explanation is correct, naturally the supposition would be, in preparation for increased passenger business.

Q. Now, you have not given a summary—

By the Chairman:

Q. Before you leave that point, might I ask the accountant whether he inquired if this expense was of the nature of merely current expense or whether it was for improvements which might be valuable in the future?—A. I think, Mr. Chairman, if you will look in the report you will find that there were 213 voyages on passenger cargo boats in 1924, against 181, so that the earnings, notwithstanding the increased voyages were almost constant with the previous year.

By Mr. Symington, K.C.:

Q. That is there were a great many more trips of passenger cargo boats but no more earnings on the passenger cargo, is that right?—A. That is right.

By the Chairman:

Q. I wonder whether the witness got my question or whether I failed to catch the import of his answer? It does not quite answer the question I put to him. It may be that his answer contains something which I failed to grasp. This is my difficulty; I find myself face to face with an increase of some four million dollars in round figures, in passenger expense from one year to another. The witness is asked whether he can account for that. He says "I cannot tell personally, but this explanation is offered me by the lines, that we made preparation for Wembley traffic, which we were disappointed in, and this preparation involved considerable extra expense." Now, my further question was, did this considerable extra expense comprise expense which would be

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useful for that year, or was it an expense which, if not useful for that year, might be useful in subsequent years.—A. I could not answer the question, as I have no knowledge beyond the explanation I gave you, that there were additional voyages.

Q. And if they did not receive the revenues, the expenses would be attributable to the additional voyages?

Mr. MONTGOMERY, K.C.: 213 as against 181.

Hon. Mr. STEVENS: There were 32 extra voyages.

Sir HENRY DRAYTON: Without any extra receipt.

By Mr. Symington, K.C.:

Q. If you will look at Exhibit "A" again, Mr. Scott, you will find the result of the total operations, I take it, for the year 1923, by subtracting \$929,000 from \$5,496,000 in arriving at the Profit and Loss statement?—A. Less the lay-up expenses.

Q. Before the lay-up?—A. Before the lay-up.

Q. Or depreciation?—A. Or depreciation.

Hon. Mr. STEVENS: Including passenger traffic?

By Mr. Symington, K.C.:

Q. Including operations, everything, that is, deducting these figures and before lay-up or depreciation there was a profit for 1923 on the whole shipping operations of all kinds, of \$4,466,263; that would be correct, would it not?—A. No; \$4,566,263.

Q. And if you took off your lay-up expenses it would amount to what?—A. \$4,103,578.

Q. So that we can take it that the net results of the operations of these companies upon the North Atlantic for 1923 before depreciation, was a profit of, what?—A. \$4,103,578.

By Sir Henry Drayton:

Q. Wait a minute, Mr. Scott. I would like to understand that. When you arrive at the profit, that means the net?—A. It should.

Q. What do you allow in your profits, anything on your interest account?—A. As far as I know, there is no interest included, but I will not make a personal statement that there is no interest included, because I do not know the details of the individual items in the voyage accounts.

Q. So far as you are concerned, you know of no interest?—A. I know of no interest.

Q. Any payment of profits?—A. Not to my knowledge.

Q. Or anything like that?—A. Not to my knowledge.

Q. So that when we are talking of profits, we are really talking about a balance which may be attributed to profits?

The CHAIRMAN: An operating profit, I presume.

By Sir Henry Drayton:

Q. It is attributable to profit without depreciation or interest?—A. It is profit before depreciation or interest. I do not want to be on record as saying that there is no interest.

Q. But if I hadn't anything in for depreciation, let alone looking after my interest, I might not have any profit?—A. That is the usual way of putting up this statement, that it is a profit before depreciation and interest.

Q. A gross operating profit?—A. A gross operating profit.

By Hon. Mr. Stevens:

Q. Before depreciation, of course?—A. That is clear.

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By Mr. Symington, K.C.:

Q. And in 1924 the net result of the operations on the North Atlantic, before depreciation, was what?—A. \$4,103,578.

Q. That was 1923?—A. Did you ask me about 1924?

Q. Yes?—A. \$2,284,815.

Q. You have to take off the lay-up expenses of \$2,398,000 from the passenger cargoes?—A. \$2,398,524 from passenger cargoes; \$168,781 from strictly cargo steamers would give a total of \$2,567,305, from which we should deduct these lay-up expenses of \$282,490, which would produce a gross operating profit, as you term it, of \$2,284,815 before depreciation.

Q. In considering that the increase in operating costs of the passenger cargo steamers was \$4,000,000 in 1924 over 1923—A. \$4,000,000 and something.

By the Chairman:

Q. \$4,500,000, wasn't it?—A. \$4,600,000.

By Mr. Symington, K.C.:

Q. Turning, with that \$4,000,000 in mind, to Exhibit 1D, Mr. Scott, there has been charged in your apportionment of freight earnings to expenses chargeable to freight earnings some \$2,300,000, is it not?—A. Of the increase of \$4,000,000?

Q. Yes.—A. \$2,300,000, yes.

Q. That would hardly tally with the idea that it was caused by making provision for Wembley passengers, would it?—A. No, that is perfectly true. I did not have that explanation, when I drew this statement.

Q. What happened was this, that there had been charged to the freight a considerable amount of charges applicable to those voyages which were unnecessary, but which were contemplated to have been necessary by reason of the Wembley Exhibition—A. Yes, if that explanation is correct, I presume one might argue that.

Q. You say "if that is correct." This explanation was given you by the gentlemen who were answering the questions?—A. No; I just consulted with one gentleman in Montreal in that connection, as to his particular increase.

Q. One of the steamship lines?—A. One of the steamship lines, and he gave me that reason.

The CHAIRMAN: Has the witness any explanation, from his examination of the figures, to give us concerning this somewhat large increase?

By Mr. Symington, K.C.:

Q. The \$4,000,000 increase, I think you said from the figures you could not give any?—A. I cannot give you any explanation other than what I got from one of the men.

By the Chairman:

Q. We want your personal knowledge?—A. From my personal knowledge, I cannot give you anything.

By Mr. Symington, K.C.:

Q. Let me ask you this; from the figures furnished you and your study of them, can you offer any other explanation?—A. No, not other than that they were increased voyages. That is the most obvious reason.

Mr. MONTGOMERY, K.C.: It is very obvious.

By Mr. Symington, K.C.:

Q. Let me point out to you, if it is so obvious as my learned friend seems to think, that the percentage of Management—

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Hon. Mr. STEVENS: I think if Mr. Symington would let us follow him, it would be of much more interest. What statement are you dealing with, Mr. Symington?

By Mr. Symington, K.C.:

Q. Turning to Exhibit 1D, Mr. Scott, is 1D the sheet that shows the percentage increase, taking 1D, Management and General?—A. That only deals with cargo boats.

Q. That large item, apparently Management and General Expenses on the cargo boats increased very materially between 1923 and 1924?—A. Do you mean in percentage?

Q. Yes.—A. It increased from 4.9 to 7.1. No, I have taken the wrong one; the percentage of expenses increased from 5.3 to 7.1.

Q. And the percentage of expenses to the total expenses?—A. From 4.9 to 7.1.

Q. Those percentages represent a large sum of money, do they not?—A. That is apparent on the statement. There is the difference between \$534,000 and \$748,000, approximately \$214,000.

Q. On the cargo steamers?—A. On the cargo steamers.

Q. Looking at Exhibit 2, Mr. Scott—

Hon. Mr. STEVENS: Before you leave that, Mr. Symington, would it not be well to ask Mr. Scott this; you will find an almost corresponding deduction in the item of Management. General is a miscellaneous item, which might contain some miscellaneous repairs, in some companies; for instance, no two companies give exactly the same classification. That is where Mr. Scott is so handicapped in making these statements. I think he has made a very excellent analysis.

By Mr. Symington, K.C.:

Q. Repairs is one of the items specified in the information you had?—A. Yes, but I would not like to go on record as saying that any one of these classifications contains items that should be classified under that particular classification, having no knowledge of what is back of these figures.

Q. You cannot say whether they are similar or comparable?—A. I would not like to go on record as saying that they are.

By Mr. Duff:

Q. What is that?—A. I think Management and General might contain some repair items, but I have no knowledge back of the details of the voyage summaries.

By Mr. Montgomery, K.C.:

Q. Other accounting might be different?—A. Might be entirely different.

By Mr. Symington, K.C.:

Q. I do not wish to disclose anything that came to you confidentially, so that if my learned friend will listen carefully to the question, he will see whether it is objectionable or not. You did have an opportunity of comparing one line more fully, it was placed at your disposal?—A. Yes.

Q. Was the increase of which we were talking—without giving the amount—generally indicated to the same extent in that particular line?—A. Not in all cases.

Q. I am speaking of the increase in expenses in 1924 over 1923?—A. You are referring now to cargo boats only?

Q. No, I am referring rather to the passenger cargo boats? The increase in 1924 of \$4,000,000 in the whole operations, was that increase reflected in the line in which you were able to say what it was?—A. Well, the increase in

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expenditures in that particular line amounted to a considerable portion of the total increase in expenditures, and in that particular line I asked for the explanation, and I worked out the average per voyage and compared it with the previous year, and it was not out of line very much; therefore I was quite willing to accept that explanation of that particular line.

By Hon. Mr. Stevens:

Q. And did that line have a substantial number of passenger boats?—A. Yes.

By Mr. Symington, K.C.:

Q. There is only one other question I want to ask you to-night on this, Mr. Scott; would you consider, from the information furnished to you, that you are in a position to report upon the earnings and expenses, and consequently to report upon whether the rates are reasonable or not?—A. Will you say that again?

Q. Would you consider from the information furnished to you, that you are in a position to report upon the earnings and expenses of these lines, and consequently report upon whether the rates based upon that are reasonable or not?—A. Well, in fairness to both parties, I do not want to take any responsibility for these figures, beyond the mathematical accuracy of them, I would not like to say that the rates are unfair, neither would I want to say that they are fair.

Q. I asked you whether in view of the information furnished you, you would be in a position to make a report?—A. Were I in a position to fix rates, would I fix them on these figures?

Q. Yes.—A. Not without more knowledge.

By Mr. Duff:

Q. Mr. Scott, looking at Exhibit 1A, which is shown as the total operating expenses of all kinds, it shows an increase in 1924 over 1923 of approximately \$4,600,000. Now you said that these expenses you were told were due to the fact that a number of extra trips were made on account of the Wembley Exhibition, and that the gross receipts were not increased by those extra trips. In other words am I right in assuming that if these extra trips had not been made, that instead of showing a profit of \$2,398,000, 1924, it would have shown a profit of approximately 7 million dollars.—A. You are asking me to prophesy, Mr. Duff.

Q. No, you said these expenses were due to a certain condition.—A. There is no doubt about it, if they had been able to get the same traffic with a less number of voyages.

Q. Never mind the traffic. You said that they did not increase their receipts.—A. No.

Q. For those extra voyages, but they did increase their expenditure over four million dollars?—A. That is right.

Q. What I am asking you is, if they had not run those extra trips, they would have had the same receipts; consequently am I not right in assuming that instead of having a profit of \$2,700,000 odd, they would have had a profit of seven million?—A. If I answer your question I would have to do a little "assuming" with you.

Q. All, right.—A. First we will have to assume, if they made the same number of voyages as they did in 1923, and assume that they got the same passenger and freight traffic, then their operating expenses would have run approximately the same, with perhaps a little variation—I understand there was a little increase in wages or something of that kind—would have run approximately the same as 1923, and they would have had a very nice profit.

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Q. You made the statement that you were informed that this 4 million dollars extra operating expenses was due to the fact that the steamers ran a number of extra trips for which they did not receive any extra earnings. What I asked you is, if they had not run those extra trips, they would have still had the same earnings would they not, from what you have stated?—A. I would not want to say they would still have the same earnings. The chances are that the same people would still have wanted to go and they might have had the same earnings; I would not like to say they would have had.

Q. I think you said they did not have any more earnings from those trips?—A. That is true.

Mr. SYMINGTON, K.C.: The gross was not any bigger.

Mr. DUFF: Yes, the gross was not any bigger.

Hon. Mr. STEVENS: You are probably overlooking this; there would be some additional expense incurred by the additional traffic creating these earnings. For instance, tonnage, wharfage and port charges would be increased for the amount of cargo or for the increased amount of stuff handled.

Mr. DUFF: I thought I understood Mr. Scott to say there was no increase in the earnings but an increase of four million in the operating expenses.

The WITNESS: Perhaps if I answered you in this way, Mr. Duff: if they had been able to get the same traffic in 1924 as they did in 1923, with the same number of voyages, and shown a profit on the expenditures incurred as the result of the increased voyages—

By Mr. Duff:

Q. Am I right in saying that instead of 2 million it would have been about 7?—A. I cannot tell you what it would have been.

Mr. MONTGOMERY, K.C.: If their earnings had been the same as the year before and their expenses the same as the year before?

Mr. DUFF: No, not the year before. I am taking 1924.

Mr. MONTGOMERY, K.C.: Their profit would have been what?

Mr. DUFF: I understand Mr. Scott to say that the increased expenditure was due to the fact that they had made extra trips for which they had received practically no remuneration and no extra receipts.

Sir HENRY DRAYTON: On the passenger side. He does not say on the freight side.

Mr. DUFF: No, on the passenger side. He said the 4 million increased operating expenses was due to that fact. Now if these steamers had not run those extra trips, instead of showing a profit of 2 million they would have shown a profit of 7 million.

The WITNESS: In other words, if they had not spent that four million and six, their profits would have been increased correspondingly.

Mr. RINFRET: They might have made a few extra trips but they made apparently too many of them.

By Hon. Mr. Stevens:

Q. Their earnings did increase somewhat?—A. Not very much.

Hon. Mr. STEVENS: But not in comparison with the expenses.

Mr. DUFF: I understood they did not make any extra earnings from these extra trips.

The WITNESS: There is an element of supposition.

The CHAIRMAN: Mr. Rinfret, have you any questions to ask?

[Mr. Gordon W. Scott.]

Mr. RINFRET: I wanted an explanation on this very point, which struck everyone I think, when you were reading your report, that extraordinary and tremendous increase in expenditure from one year to another. It might be interesting to find out how many of those extra trips were taken and a comparison as to the number of passengers that were carried in the two years.

Sir HENRY DRAYTON: 32 extra trips.

By Mr. Rinfret:

Q. You would not have that?—A. No, I have not got the number of passengers. I could not get you that. I have no information of that kind at all.

Q. I understand from your report that you had not much time, and in most cases I understand you had to rely on figures supplied to you by the companies?—A. Entirely.

Q. So that in effect the companies have been enquiring into their own case through you; they supplied the figures and you have merely distributed them to us?—A. I am using the figures that were given to me, without any verification excepting what I have mentioned, in the case of the Canadian Pacific Steamship Line, where I have made a test.

Q. In other words, for these figures you accept no responsibility at all?—A. That is perfectly right.

By Mr. Symington, K.C.:

Q. I understand in the results, you accept nothing except the mathematical result?—A. In the total I accept no responsibility beyond that.

By Mr. Rinfret:

Q. If the occasion offered itself would it be possible for you to go more thoroughly into this matter and present a report which you could more fully endorse?—A. That would be quite a long task, Mr. Rinfret.

Q. That is the reply I expected, but that could be done, though.—A. If I had enough time at my disposal.

By Mr. Duff:

Q. And the proper information.—A. And the proper information, I could produce the report.

By Mr. Rinfret:

Q. You are taking for granted a certain number of things?—A. Yes, I would go as far as to say I have taken about anywhere between 90 to 95 per cent of it for granted.

By Sir Eugene Fiset:

Q. Did you say 95 per cent of it?—A. I would go on record as saying I have taken 95 per cent or perhaps even more than that, for granted.

By the Chairman:

Q. And in the time at your disposal, Mr. Scott, that was the only way in which you could proceed?—A. The only possible way, yes.

By Mr. Duff:

Q. In other words, all you can vouch for is about 5 per cent of this information?—A. Well, in that particular line I went into, I think we tested about between 6 and 8 voyages and that is the only actual supporting detail, that I saw for any of the figures. That is the reason why I am not prepared to go further.

[Mr. Gordon W. Scott.]

By the Chairman:

Q. As far as that investigation went, Mr. Scott, were you satisfied from your tests as to the accuracy of the supporting figures?—A. Absolutely.

By Mr. Rinfret:

Q. May I put this question, Mr. Scott. We understood from previous reports that the year 1923 had not been as good as the year 1924. Your report shows that to be the reverse.—A. What is that?

By the Chairman:

Q. Mr. Rinfret says, Mr. Scott, that we have been led from information previously given, to understand that the year 1923 had not been as good for the steamship companies as the year 1924, and your report seems to envisage the contrary?—A. You mean, that is, taking into account the passenger-cargo? On the cargo boats alone, I think my figures in 1923 show a larger loss than Exhibit 35 does, and I think the profits in 1924 are less than Exhibit 35. But if we take the passenger-cargo boats into consideration we get a different picture.

By Mr. Rinfret:

Q. I suppose it would not be improper for me to ask you why that side of the question was not included in previous reports?

The CHAIRMAN: As a matter of fact, to merely treat the situation as being displayed from cargo boats solely, would it be a fair picture?

Mr. MONTGOMERY, K.C.: It depends on what you are looking into surely. We are looking at a comparison of the Petersen contract. I would think it would not.

By the Chairman:

Q. I am asking the witness the question.—A. I think my answer is in my report when I say: "Inasmuch as in 1923 approximately 40 per cent of freight earnings was derived from Passenger-cargo steamers and 43 in 1924." Indicating, I would imagine, that it is a matter of opinion. I stated in my opinion that to get a picture of the industry, you would have to have the whole situation.

The CHAIRMAN: I can see, gentlemen, the difficulty in which members of the Committee are in being able to intelligently question Mr. Scott on figures running into large sums, which have just been placed before us. Mr. Scott has intimated to me that he has been called for rather important work in Louisiana, and we do not want to interfere unduly with him in the practice of his profession, but I do see the advantage of members of the Committee being given an opportunity to question Mr. Scott after a study of the report. What is your will, gentlemen? Shall I ask Mr. Scott to try to postpone his journey to the South for a day or two, to give us an opportunity to study this, and question him upon it?

By Mr. Symington, K.C.:

Q. To-morrow afternoon will not inconvenience you, Mr. Scott?—A. If I can get away to-morrow evening.

By Mr. Duff:

Q. One more question, please. I thought I understood someone to say there were 26 more voyages in 1924 than in 1923.

Sir HENRY DRAYTON: 32.

Mr. DUFF: 32, was it? I only find here 14.

Mr. SYMINGTON, K.C.: That is in the passenger-cargo.

[Mr. Gordon W. Scott.]

The WITNESS: Look at the passenger-cargo and you will find there are 42 more. If you look on page 1 of the Report, Mr. Duff. I was only dealing with the passenger-cargo at that time.

Mr. MONTGOMERY, K.C.: There are 44 extra voyages aren't there?

Sir HENRY DRAYTON: 46. But only 32 extra passenger.

By Mr. Montgomery, K.C.:

Q. When you told us that you took 95 per cent for granted, that you had to take 95 per cent for granted, I suppose the five per cent represents the items that you personally traced through to their sources in the C.P.R.?—A. Yes, I think perhaps I was a little optimistic really when I said 95 per cent. I don't remember what percentage of figures I did have in the C.P.R., but what I did take in the C.P.R. I was perfectly satisfied with.

Q. You made tests at random of these different vouchers to satisfy yourself, and the results were sufficient to satisfy you that the C.P.R. statements were correct?—A. I selected any voucher that I chose, and I am perfectly satisfied with the offices of the C.P.R.

Q. And you would regard that, would you not, as being a clear way of satisfying yourself that the accounts were correctly kept?—A. As I said, to make my position clear now, from a test check I am satisfied with what I got from the C.P.R. that it formed an absolute verification.

Q. So as regards that, we can dispose of that one, can we?—A. Quite. I am quite satisfied that the C.P.R. left everything open. As a matter of fact they suggested that I should ask for anything I wanted.

Q. As regards the other lines, their head offices being on the other side of the water, you were not capable of going into their offices to make similar test checks?—A. That is perfectly right.

Q. So that is a physical difficulty that you were up against?—A. Quite so.

Q. And a difficulty which could not be overcome without your taking a trip to the other side?—A. That is perfectly right.

Q. But may I ask you this, Mr. Scott. In every case the accounts submitted to you bore the certificate of a reputable firm of chartered accountants.—A. I imagine that is correct. I think that is correct; I think every one did.

Q. My instructions, Mr. Scott, are that the accounts had been verified by the regular auditors of the respective companies, and that over and above this Messrs. Price Waterhouse & Company had personally gone over them, or such of them as they were not personally the auditors for, and that their certificate was attached to one statement or another of the returns.—A. Price Waterhouse & Company's certificate was not attached to each one of these statements; there were other auditors.

Q. Where they had other auditors.—A. Yes, quite a number of the lines I think. I did not see any certificate from Price Waterhouse.

Q. Or the certificate from their regular auditors?—A. Not on the voyage summaries; I saw printed balance sheets.

Q. I saw one of them which you showed to me and which happened to be the one which contained possibly the least detail of any, and the certificate of Price Waterhouse & Company was on the summarizing figure or the summarizing statement to which the supporting statements were attached?—A. I think in some cases Price Waterhouse's certificates were attached. In other cases there were other firms of auditors, and in a great many cases as far as the voyage summary itself is concerned, it did not have any certificate of any auditor at all.

Q. I am not talking about the voyage summary, because the voyage summary is one of the details of the statement furnished you? That is correct?—A. That is correct.

Q. Then leaving aside the name, whether it happened to be Price Waterhouse & Company or another firm of auditors, we come back to the original statement that the statements which you took for granted were statements bearing the certificates of reputable auditors?—A. I would hardly like to make that statement, Mr. Montgomery, as a complete statement, in view of the way that a lot of this information was handed to me. In some cases I could not follow the voyage returns right up to any auditor's statement.

Q. I am not asking you that for the moment, Mr. Scott. I am asking you whether the several statements which were forwarded to you bore the certificate either of Price Waterhouse & Company or of other reputable auditors?—A. In some cases they did not; in some cases they had no certificate at all, that I could see.

Q. There was one where you made that suggestion to me, Mr. Scott—A. And there are some that have the certificate of Price Waterhouse & Company marked "Certified Correct, Price Waterhouse & Company" on it, but there are some that have not.

Q. I was led to ask you the question, Mr. Scott, because of your making the remark that they were not in every case certified. You showed me one, and I was able to show you the certificate upon it.—A. That is quite true; there are some that have it.

Q. That was the only one you showed me.—A. I could show you others that have not got it.

Q. In any event, we have the evidence, and you have no doubt heard the evidence of the accountants that these are the audited statements, that they have been regularly audited.—A. Yes, I heard that.

Q. And you have no doubt that that is the case?—A. I am not casting any doubt on the figures at all.

Q. That is what I wanted to clear up.—A. The only thing is that as accountant for this committee I construed it my duty to try to understand the figures myself.

Q. Now, no doubt you understand, Mr. Scott, that we are concerned here with the question as to whether certain other cargo boats are to be put on the U.K.—Canadian service?—A. Whether what?

Q. Certain other cargo boats are to be put on the U.K.—Canadian service?—A. You mean these Petersen boats?

Q. Yes.—A. Yes.

Q. You understand they are not passenger cargo boats?—A. I understand that.

Q. Pure cargo boats. Some of the lines involved in this case are not running passenger cargo boats.—A. That is quite true.

Q. Cargo boats pure and simple, and I suppose it would be no consolation to them, even if true, that a cargo passenger boat or boats operated by another line had made a profit before depreciation?—A. No, I do not imagine it would help or hinder their situation at all.

Q. Then let us take cargo boats pure and simple first, with which these Petersen boats will be in any way comparable. Your statements in regard to them do not vary, do they? We can take any one of them, whether A. B. or C.—A. On the cargo boats?

The CHAIRMAN: You are referring to what Exhibit?

Mr. MONTGOMERY, K.C.: Either 1A, 1B or 1C.

The WITNESS: I think it deals entirely with cargo boats.

The CHAIRMAN: Take one, then, so that we will all have the same.

Mr. MONTGOMERY, K.C.: Exhibit 1A, 1B, 1C, 1D, are the same, as regards cargo boats.

[Mr. Gordon W. Scott.]

By Mr. Montgomery, K.C.:

Q. That is right?—A. Quite.

Q. And the operations of the cargo boats for 1923 show a loss of \$929,963?—A. That is right.

Q. And if you add to that the lay-up expense which you give below, they show a loss of over a million dollars?—A. That is right.

Q. And that, before you have made any allowance for depreciation?—A. That is perfectly true.

Q. Before you have made any allowance for interest upon investment?—A. I presume that is true; I do not know the detail of the figures, but I presume there is no interest in it. I do not know that there is not, but on the assumption that there is no interest in the voyage returns, I agree here is no interest charged there upon investment.

Q. Let us assume, for instance, that these boats had been financed in accordance with the statement on page 757 of Hansard, the calculation produced in regard to the Petersen boats, which shows one-half of the cost financed upon five per cent debentures, and one-quarter—A. What is the total cost?

Q.—financed on second debentures, or in other words, 75 per cent of the cost financed by debentures. I will not ask you to go into figures or any elaborate calculations. The cost, if you want to know it, is £135,000 but it will not be involved in any figure I give you. You will note that the suggested method of financing these Petersen boats is 75 per cent borrowed money, and presumably 25 per cent in the investor's capital, the capital furnished by the shareholders?—A. Yes.

Q. Now, if that were the case in regard to these lines involved in 1923, these lines would have had nothing to provide for, their fixed charges, even?—A. That is perfectly right.

Q. Not only would they have had nothing to provide fixed charges, but they would have had nothing to provide the ordinary depreciation that should be charged off from year to year.—A. That is obvious; if they have a loss they cannot provide any interest charges or depreciation.

Q. I suppose you will agree that depreciation is as much an expense as any other portion of the operating charges?—A. There is no doubt in my mind that it should be always provided for.

Q. So that it is rather incorrect to speak of a profit until you have provided for management, and provided for depreciation.—A. There are various kinds of profits, I think; the gross profit, deducting certain operating expenses; then you get down to one kind of a profit. Then if you deduct the remainder of the operating expenses, you get down to another kind of profit, and then you should, to my mind, deduct depreciation before you arrive at a net profit.

By Sir Henry Drayton:

Q. You also have to deduct your overhead charges?—A. Yes.

Q. So your net charges under this calculation would be 75 per cent of the cost of the boats?—A. You are speaking of the Petersen scheme?

Q. Assuming this was done in the same way; fixed charges have to be looked after.—A. Yes.

By Mr. Montgomery, K.C.:

Q. So you would have nothing for your depreciation, nothing for your fixed charges, and a loss of over one million dollars on the bare operating expenses?—A. That is a correct statement, I think.

Q. And that represents the operations of the entire cargo boats, with the exception of the Canadian Government Merchant Marine in the Canada-United Kingdom trade for 1923.—A. I understand that it includes them all.

Q. Now take 1924. Before we leave that, dealing with Mr. Symington's last question to you, would you have any hesitation in expressing an opinion as

[Mr. Gordon W. Scott.]

to whether the revenue derived from freights was excessive?—A. You mean from the actual freight card, whether the rate was too high?

Q. Whether they collected too much money from the country for the service which they rendered.—A. I do not like to be put in the position of trying to answer a question of that kind, because as far as I can see, from the information available, it is pretty much similar to a plant with a certain capacity that has not got the business to carry it.

Q. A plant which has not got the business to carry it. I assume that if they had westbound cargoes which would fill their boats—A. If they had 100 per cent each way—

Q. That would be an ideal situation.—A. I think it would be.

Q. But they are very far from that.—A. I think that is apparent; I tried to bring that out

Q. And that is a condition under which they all have to operate to a greater or less extent.—A. It looks that way.

Q. Due to conditions over which it is not suggested they have any control? —A. I do not think it is suggested they have control over that situation.

Q. Then take 1924. If you deduct your lay-off expenses you have a balance of revenue, before depreciation, of about \$20,000 or a trifle over that? —A. That is right.

Q. For the entire operation of the entire fleet of cargo boats, for the entire year of 1924?—A. That is right.

Q. Involving as it did expenditures of—

The CHAIRMAN: \$9,250,000.

Mr. MONTGOMERY, K.C.: No, it is more than that.

By Mr. Montgomery, K.C.:

Q. Involving expenditures of over \$10,000,000.—A. \$10,400,000.

Q. And the profit—if you can call it such—before providing for any depreciation, any fixed charges, if there might have been fixed charges, or any return whatsoever upon the investor's money, was a bare \$22,000?—A. That is what the figures show.

Q. If you tried to involve passenger cargo boats, apart from the fact that we were not dealing with the subsidizing of passenger cargo boats, you get into a question of the arbitrary adjustment of certain common charges, do you not?—A. I do.

Q. Which makes it very difficult to get anything which you could certify to as being accurate?—A. Yes; I would not like to say that this is an accurate way of distributing these expenses.

Q. So that our first objection is that in the Petersen contract we are not dealing with passenger cargo boats? You understand that?—A. You mean that the Petersen Contract does not propose to run passenger cargo boats?

Q. Yes?—A. Yes, I think I understand that all right.

Q. And, secondly, in adopting passenger cargo boats, you are running into something which involves arbitrary adjustments, which cannot be relied upon for accuracy?—A. I think so, yes.

Q. So you get a more accurate view of the freight situation, by having in mind the freight which the cargo boats carry—in dealing with the cargo boats? —A. I do not quite follow that question.

Q. You know that certain cargo boats do carry "express freight", if we might call it that, which brings a higher rate per ton than freight where speed is not a consideration?—A. Yes.

Q. And I assume if other boats were to be subsidized as cargo boats, they would not attract that "express freight" any more than do the existing boats? —A. You are asking me to start assuming something, Mr. Montgomery. I

do not know enough about the shipping business to know what would happen, but I assume that if conditions went along as they are now, and the passenger cargo boats still took the class of freight they are taking, the cargo steamers' results would continue to be about the same.

Q. On the other hand, if the new boats succeeded in driving both the cargo boats and passenger cargo boats off the St. Lawrence route they would probably get a higher class rate?—A. You mean the new boats which come on?

Q. Yes?—A. I imagine if they could offer better inducements than these passenger cargo boats, they would get the business.

Q. Now, you tell us that by using your combined figures for total freight, they show, for 1923, \$4,103,507—

The CHAIRMAN: To what Exhibit are you referring, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: 1A.

Mr. SYMINGTON, K.C.: It is not on the Exhibit; it is a notation on Exhibit No. 1A.

By Mr. Montgomery, K.C.:

Q. —\$4,103,507 available for depreciation, fixed charges, if financed by debentures, and returns upon share capital?—A. That \$4,000,000 you refer to? That is, \$5,400,000 less 529—?

Q. That is it. The combined earnings of passenger cargo boats?—A. That is 1923?

Q. Yes. That is correct?—A. \$4,193,578—that is correct.

Q. 103 is it?

Hon. Mr. STEVENS: That is an error; it should be "193."

By Mr. Montgomery, K.C.:

Q. Now, have you any idea of what the total investment is in the entire fleet of passenger cargo boats? It is over one hundred million, is it not?—A. Over one hundred million?

Q. Yes; my instructions are that it is well over one hundred million?—A. I would not like to go on record as saying that; I do not know.

By the Chairman:

Q. Did you try to find out?—A. Yes, I tried to find out in this way, that where I had the information I started to make a statement, but I did not get very far. I imagine, if it is necessary, I can get an estimate, if you wish it, if you say it is near that—I probably could collect it by asking these people around what their capital is.

By Mr. Montgomery, K.C.:

Q. Take it at the minimum of anything of which you are perfectly sure; take it at seventy-five million, or seventy million, or any figure you know is well on the safe side?—A. I would be safe in saying a figure of sixty million; it is probably more than that.

Q. For the total cargo and passenger cargo boats?

Hon. Mr. STEVENS: The C.P.R. can give us theirs.

The CHAIRMAN: Why could we not have a symposium and get it all now? Let us have the capital and then we could multiply by the tonnage—

Mr. SYMINGTON, K.C.: What are we trying to get at? The valuation of the steamers?

The WITNESS: I think I would meet you on seventy million, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: I do not want to go into any exact figures or anything of that sort.

[Mr. Gordon W. Scott.]

The WITNESS: I will meet you on seventy million.

By Mr. Montgomery, K.C.:

Q. Just give us an estimate as to whether that sum would have provided a fair rate of depreciation and a fair return upon the capital invested?—

A. What would you call a fair return? Six per cent?

Q. Take six per cent if you like?

Mr. DUFF: 10 per cent—four and six.

The WITNESS: It would not.

By Mr. Montgomery, K.C.:

Q. Take six per cent; only the Petersen boats finance at a little more than six; they show $5\frac{1}{2}$ per cent on one set of debentures, and seven per cent for the others.

Sir HENRY DRAYTON: That makes 10, as Mr. Duff says.

The WITNESS: If you take 10 per cent on seventy million, you would get an annual charge of seven million.

By Mr. Montgomery, K.C.:

Q. So as against that you would only have \$4,193,000, on the very best showing?—A. That would be true.

Mr. DUFF: Another sad story.

Mr. MONTGOMERY, K.C.: That is the very best and most favourable showing that can be showed on any consideration.

The CHAIRMAN: Gentlemen, may I interject something here? My view is it would be of very great importance for Mr. Scott to get, as near as possible, from all available sources the information as to what the capital values of the lines are.

Mr. SYMINGTON, K.C.: He has already told you he cannot get that.

Mr. FLINTOFT: He said by inquiring about it, he thought he could.

The CHAIRMAN: Mr. Scott said a moment ago that he thought by inquiring from one gentleman here, and another gentleman there, he could give us a pretty close approximation.

Mr. SYMINGTON, K.C.: Of the capital valuation of the ships?

Mr. MONTGOMERY, K.C.: I am content to take his figure as a minimum. We are surely all agreed that it is at least seventy million, and that serves for the purpose of my argument just as well as if it were ninety million or one hundred million.

Hon. Mr. STEVENS: May I point out, Mr. Chairman, just here, that Mr. Scott is entitled to some consideration. He is going on record here as an auditor, and it is unfair to ask him to accept definitely a figure, for instance, of the capitalization of these ships, unless he is able to verify in some way or another, in a fairly definite manner, what the figures are.

Several Hon. MEMBERS: Hear, hear.

Hon. Mr. STEVENS: His evidence may be picked up later on and the value of his testimony as an auditor challenged through some error that might be disclosed. I do not think we should ask him to fix a figure. We can get it to the satisfaction of the Committee from half-a-dozen of these other witnesses who are here, and I do not think Mr. Scott should be asked to shoulder the responsibility for a figure of that kind.

Mr. DUFF: I think he qualified his statement, Mr. Stevens, so it would not be final.

[Mr. Gordon W. Scott.]

Mr. MONTGOMERY, K.C.: I would not ask him to take any figures for my calculation, that he could not feel was at least a minimum.

Hon. Mr. STEVENS: The figure he has taken is satisfactory for assumption and calculation.

The WITNESS: Yes, I understand we are in the realm of assumption now.

The CHAIRMAN: I wanted to get that element of assumption reduced to a minimum. That was the reason for my suggestion.

Mr. FLINTOFT: We can subscribe one hundred and fifty million dollars around this table here. That is just a rough figure.

Mr. SYMINGTON, K.C.: At whose valuation?

Mr. FLINTOFT: As carried on the books.

Mr. MONTGOMERY, K.C.: The book valuation, they tell me, is about one hundred and fifty million dollars, and if you cut that a little better than in half and take Mr. Scott's figure of seventy million, it shows where we are—it does not show quite how badly we are off, but it shows, for the purpose of this argument, that we are not dealing with a situation where the life-blood of the country has been sucked out by vampires, as the report would suggest.

By Mr. Montgomery, K.C.:

Q. If you take 1924, the result is even less favourable, is it not, Mr. Scott?
—A. Yes. The passenger cargo boats' profits is considerably reduced in 1924.

Q. In other words, as against that seven million dollars which we were assuming upon your minimum figure, you have only \$2,284,815?—A. Yes; assuming seven million dollars is right.

Q. So the situation does not look to be a particularly glowing one, from the point of view of the steamship operators?—A. No; it does not look particularly good to them.

Q. From your general knowledge, Mr. Scott, and experience in auditing all sorts of companies, and liquidating a great many of them—A. I would like to have some of these to liquidate.

By Mr. Symington, K.C.:

Q. You have not liquidated steamship companies, have you?—A. Yes, I have liquidated steamship companies.

By Hon. Mr. Stevens:

Q. Do steamship companies go into liquidation?—A. Some of them do, in the trade in the Gulf of St. Lawrence—or the lower half of it.

By Mr. Symington, K.C.:

Q. I mean the trans-Atlantic ones?—A. I have never had a trans-Atlantic one.

By Sir Eugene Fiset:

Q. Wooden ships?—A. Yes, all wooden ships.

By Mr. Montgomery, K.C.:

Q. Would you consider this particular industry was passing through an era of prosperity at the present time?—A. Not from the figures, I would not.

Sir EUGENE Fiset: It decreases the luxuries, that is about all?

Mr. MONTGOMERY, K.C.: That is the trouble with the high cost of living; everything is going up.

By the Chairman:

Q. Does Exhibit 22 give the names of all the ships in the North Atlantic?
—A. Not all of them, no.

Q. Is it a pretty good list?—A. I think a fair one.

[Mr. Gordon W. Scott.]

By Mr. Montgomery, K.C.:

Q. I do not want to cross-examine you very much more upon this, as it is more or less self-explanatory, but just to dispose of this Exhibit No. 2, I would gather that you were led into making that comparison on account of an extract from a speech given by Sir Frederick Lewis, to the shareholders of the Gulf Line, and referred to by Mr. Cleminson, on page 23 of his evidence?—A. Yes; in looking over the evidence, I saw that and thought it would be one way of trying to arrive at a basis.

Q. So, as a matter of interest, you compared to see how all the lines checked, taking the results of each line?—A. That was one thing I did, yes.

Q. Otherwise, I do not suppose you would suggest that a comparison of expenses to earnings and other operations between different lines, would indicate very much, would it?—A. No; unfortunately I am not satisfied with it.

Q. That statement, but for the interest in comparing them, would not mean very much?—A. No, with this exception, Mr. Montgomery; I was trying to get my mind into a position where I would be entirely satisfied, if I could.

Q. Just take one element for illustrative purposes. You have seen, have you not, that the results of the westbound voyages vary considerably between the lines?—A. Very considerable, yes.

Q. That some of them get a fair cargo in westbound traffic and others, practically none?—A. Yes, some of them get a fair cargo and others come over almost light.

Q. So that if you tried to apply expenses to earnings, you would expect very considerable variations, as between the different lines involved, would you not?—A. Yes, that would be one reason.

Q. So expenses would go on just the same westbound, whether they had any considerable amount of traffic westbound or not?—A. That would be one reason.

Q. So that it is only natural that there would be considerable variations in the percentage of expense to earnings?—A. There might be variations, but what was bothering me was the lack of explanation for these earnings.

Q. I am suggesting one, on the face of things, for illustration.—A. That might explain one or two or three items, perhaps.

Q. Then you would have to deal with the nature of the cargo?—A. If I was taking a dollar earning as a unit to divide my expense into, naturally, if my earnings went up and my expenses remained constant in one line and the expense went up in the other line and the earnings went down, it would throw the comparison altogether out.

Q. We are dealing with the percentage which expense bears to earnings.—A. In the different lines, yes.

Q. That being true, that the westbound passenger traffic varies considerably, that is one reason why the percentage of expense to earnings would also vary?—A. Yes.

Q. The class of cargo carried, whether it was a high class or a low class, would vary considerably?—A. That would give you an increase in dollar revenue.

Q. That too is involved in the ports they serve. Some ports give a much higher class of cargo than others?—A. Yes, but I think, in fairness to myself, on this particular point, I did not stop at this particular comparison. I took the comparison of the voyage days and again I would find those discrepancies.

Q. That statement is there, in reference to either one boat or one line, whatever it was. The proportion would vary quite as given on page 23?—A. No.

Q. That does not get us very much farther on that point?—A. I think I tried to make that clear, when I was reading this, that it was not the best method of comparison.

Q. We will take that as a matter of interest, compared with page 23?—A. Yes.

Q. I see you have divided the expense into two classes in your 1A?—A. Yes.

Q. The second class being management, brokerage and sundry expense and so on?—A. Yes.

Q. I wonder if you could tell us from the information which you have before you, under which heading you would have put the following expenditures: "Head office staff, supervision?"—A. I do not know.

Q. Agents' remuneration?—A. I do not know.

Q. Cost of canvassing for cargoes?—A. I do not know.

Q. Advertising?—A. In each line you are referring to—when I started out I think I told you I was not sure that these expenses were constant at all. In that agency expenses there may be shed rental, for all I know. I do not know anything about the details back of these figures.

Q. Then I assume your answer would be the same for shed rentals and terminal expenses?—A. Yes. I do not know how these details are made up at all.

Q. Management services?—A. Well, I presume, when they had management services they called them that.

Q. You assumed that last item would be included in the management?—A. I presume that management services were shown as management services. If they were classified under any other heading, I have not got them as management services.

Q. At the moment you are not able to tell me how these were divided, in making up these accounts?—A. Now I simply followed the classification shown by the summaries.

Q. You could not tell it at the moment or at any other time?—A. Pardon?

Mr. SYMINGTON, K.C.: Mr. Montgomery says, at the moment.

The WITNESS: Not unless I started to classify these myself from the original record.

By Mr. Montgomery, K.C.:

Q. Taking one of the voyage accounts, perhaps it would be easier to follow it. I have one before me of the line. You are familiar with it?—A. There is one that has numbers on it, if you can find the one I used as a key, but asking where I put all these individual items now, without that key, I could not do it from memory. If Mr. Hosie has that one on which I had some pencil figures on the side I could tell you that.

Q. How is that?—A. If Mr. Hosie has the one on which I had some pencil figures along the side.

Q. He says they are at the hotel? I am quite willing to suspend this part if you have not the figures before you?—A. No, I could not tell you that just off hand.

Q. Taking the per voyage accounts for the Anchor-Donaldson Line, which I happen to have before me, you could not go through the several items which are given there?—A. Not from memory.

Q. And say under which class of items to classify them?—A. If I had the one with the one, two, three on it, I could do it.

Q. That is all for the moment.

The CHAIRMAN: Gentlemen, I would suggest that other questions to Mr. Scott, unless someone wishes to ask some immediately, might be postponed until we have had some opportunity of studying these statements. I will, therefore, with the permission of the Committee, suspend Mr. Scott's examination, until, let us say to-morrow afternoon at 3.30.

The witness retired.

The Committee adjourned until Wednesday, May 27th, at 3.30 p.m.

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 22—Wednesday, May 27, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. Gordon W. Scott, Chartered Accountant, Montreal. (*Continued*)

Dr. J. H. Grisdale, Deputy Minister of Agriculture, Ottawa, Ont.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM No. 277,
WEDNESDAY, May 27, 1925.

The Committee met at 3.30 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—12.

The Chairman read letter received from the Bradley Company, Timber Merchants, Hamilton, Ont., and instructed the Clerk to deliver the letter and accompanying documents to Counsel for the steamship companies.

Mr. Gordon W. Scott, Chartered Accountant, Montreal, who was again in attendance, was further examined and retired.

Dr. J. H. Grisdale, Deputy Minister of Agriculture, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 6.05 o'clock, p.m., to meet at 11 o'clock, a.m., to-morrow, Thursday, May 28, 1925.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,
HOUSE OF COMMONS,
WEDNESDAY, May 27, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we will please come to order. We have a letter, which I think I might read. This is a letter addressed to the Clerk of our Committee, from the Bradley Company, timber merchants, of Hamilton, Ontario, which bears date May 22nd, 1925.

Mr. SYMINGTON, K.C.: I would suggest, before filing the letter that it be turned over to my friends, with the bills-of-lading that you have read, and let them look it over and see if there is anything objectionable to it.

The CHAIRMAN: Mr. Symington's suggestion seems to be an eminently fair one; so I will instruct the clerk not to file it as an exhibit, but to hand it to counsel for the steamship companies, with the supporting documents, in order that they may have communication of them, and we will deal with the matter at a later date.

GORDON W. SCOTT recalled.

By the Chairman:

Q. You have already been sworn, Mr. Scott?—A. Yes.

The CHAIRMAN: Who is questioning Mr. Scott?

Sir HENRY DRAYTON: I think the Committee.

The CHAIRMAN: Or was it the counsel?

Sir HENRY DRAYTON: I think Mr. Rinfret and Sir Eugene Fiset wanted to examine these, so that they could examine.

Mr. RINFRET: In a general way. We had a chance to read the report.

Sir EUGENE FISSET: I am satisfied.

Mr. RINFRET: I am not quite ready to proceed now. I suppose some other members of the Committee would like to put some questions. I think, as far as I am concerned, that Mr. Scott covered the ground fully, when he said he could not be held responsible for 95 per cent of the figures in his report.

The CHAIRMAN: Has any other member any questions to ask? Sir Eugene?

Sir EUGENE FISSET: No, sir, I have perused the document exhibited by Mr. Scott and I am perfectly satisfied, as it stands.

By Mr. Duff:

Q. From the documents and the voyage accounts, which were submitted to you by the different steamship lines who made the statements, are you satisfied, in your own mind, that these were sufficient to help you come to a decision as to whether the steamship companies were losing money or were making money, or whether the rates were fair or unfair?—A. I think the last paragraph pretty well covers that, that it is difficult to draw any final conclusions from the figures.

[Mr. Gordon W. Scott.]

Q. Do you not think the Committee should have further information, as regards the voyage accounts and statements of the steamship companies?—A. Of course, I imagine that is more for the Committee's decision, Mr. Duff. In my own mind, I am far from satisfied with my own report. I would like to have been able to come along and tell you that it was a conclusive report, and that the profit or loss that is shown there, in my opinion, was absolutely 100 per cent right; but unfortunately, I am not in that position.

The CHAIRMAN: Shall I call upon Mr. Montgomery, gentlemen?

Mr. SYMINGTON, K.C.: Just a minute.

Mr. MONTGOMERY, K.C.: I have not any further questions to ask Mr. Scott.

By Mr. Symington, K.C.:

Q. Just a minute. Mr. Scott, I asked you to prepare a memorandum in respect of the *Cairnmona* engineer's evidence, voyage 37, 38 and 39. Did you do that?—A. Yes, I have the memorandum here.

The CHAIRMAN: A little louder.

The WITNESS: I have a memorandum here.

By Mr. Symington, K.C.:

Q. Voyage 37 showed 24½ steaming days. Is that right?—A. Yes.

Hon. Mr. STEVENS: What is this?

Mr. SYMINGTON, K.C.: This is from the log, the voyage returns of the *Cairnmona*, from the Captain that was here.

The WITNESS: This is not from the log.

Mr. SYMINGTON, K.C.: This is from the voyage itself.

By the Chairman:

Q. What is it from?—A. It is from these voyage sheets.

By Mr. Symington, K.C.:

Q. And the evidence as to the 38 tons, as the chief engineer says?—A. Yes. It is from the evidence. It is a combination of what was in evidence and what was in the voyage return.

By the Chairman:

Q. In other words, this is a memorandum concerning the *Cairnmona's* operations which you have obtained from the sources available?—A. That is right.

By the Chairman:

Q. What were these sources, which were available?—A. The evidence of the Captain or the Chief Engineer, whoever gave the evidence, with relation to the coal consumption, and the coal consumption as shown by the voyage summary in dollars.

Q. Anything else?—A. No, that is all.

The CHAIRMAN: All right, sir, thank you.

By Mr. Symington, K.C.:

Q. In other words, what I asked to be done was that they take the steaming days from the Captain's evidence, from the voyage sheets; the amount of coal used, from the Captain's evidence. The voyage sheet, voyage 37, for instance, showed the cost of the coal as being so much. Comparing one with the other it showed how near they were in making the two balance and what the cost per ton of coal would be.

(A conference was thereupon held between counsel.)

[Mr. Gordon W. Scott.]

The CHAIRMAN: Can we get on with something else?

By Mr. Symington, K.C.:

Q. You, yourself, went onto the Rio Dorado and verified the log and so on?—A. I would say this, with the same reservations as I made about the voyage summaries; I verified what was presented to me.

Q. You went in and got the log on the boat?—A. I was presented with the log on the boat.

Q. And you made copies of it and went over it?—A. I made a copy of what was presented to me.

Q. In the original log?—A. Well, I do not want to go on record as saying that it was the original log, any more than going on record to say that these were the original summaries. I do not know.

Q. You got the log from the Captain and the Engineer?—A. They were presented to me by the Captain and I was told it was the general log.

By Mr. Montgomery, K.C.:

Q. Did you see the original log, the scrap log?—A. I did not know then that there was such a thing in existence as a scrap log.

Q. So you are not in position to make any statement as to whether you saw it or not?—A. I would rather not.

By Hon. Mr. Stevens:

Q. Is that the one that is printed here, that statement?—A. I think so, yes.

Q. There is one thing I would like to draw your attention to, on page 692; it deals only with from the time they dropped the pilot until they got to Father Point?—A. Yes, sir. I asked them that question myself at the time. I could not understand some of the things.

Q. But one of them did bring it up to date, if my recollection serves me?—A. I do not think so.

By Hon. Mr. Stevens:

Q. I drew attention to it at the time, and that abstract was presented. The books were all right; the scrap logs were complete?—A. We did not have the scrap logs.

Q. They had them from the time they left the pier in Hull until they landed at the pier in Montreal, but the statement was from the time they dropped the Pilot until they got to Father Point?—A. Yes.

By Mr. Symington, K.C.:

Q. I asked him about coming to Montreal, and he had 278 tons in his cross bunker, and one ton left when he got to Montreal?—A. Yes.

Mr. MONTGOMERY, K.C.: I am told that neither of the logs give the complete voyage from quay to quay. Neither is purported to be a log. They were called log abstracts. They were log abstracts and they did not show the voyages from quay to quay. That is what I am told. I did not examine them myself at all.

By Mr. Montgomery, K.C.:

Q. By the way, have you found the missing ship's register yet, when we are talking about logs? Mr. Dewar, have you been able to find whether the missing ship's register was sent to anyone?

Mr. DUFF: What is that?

Mr. MONTGOMERY, K.C.: We called on the Captain to send us a certified register. There was a discussion about it, as to whether it was sent to someone.

Mr. SYMINGTON, K.C.: Mr. Donald tells me they have sent to Montreal to get another one.

[Mr. Gordon W. Scott.]

Hon. Mr. STEVENS: On page 694, the Chairman discharged that witness with this observation: "I am going to discharge the witness subject to the Captain sending up a copy of the register." We ought to have that register, Mr. Chairman.

Mr. MONTGOMERY, K.C.: He said that she was what is ordinarily known as a 'tween-decker. In other words, he described her as being comparable to these other liner boats.

Mr. SYMINGTON, K.C.: He said she was 'tween-decks.

Mr. MONTGOMERY, K.C.: Yes, he said she was 'tween-decks. Our suggestion is that she is not 'tween-decks. That is the point, Mr. Duff; the Captain said she was a 'tween-decker, and our suggestion is, to show quite the contrary.

The CHAIRMAN: We will get the register; but if it has not come, and if the boat has gone, is the register still available?

Hon. Mr. STEVENS: No, Mr. Chairman. You suggested Mr. Chairman, that the Customs collector should have a copy of the register made and they should send it up and certify to the copy. That was your understanding when you discharged the witness.

The CHAIRMAN: Yes, that was my understanding; the witness was discharged subject to that.

Mr. DONALD: Mr. Chairman, we can cable for a copy and have it sent over certified by a Customs official in the Old Country.

Mr. MONTGOMERY, K.C.: That will still fail to explain why this captain should not have furnished it.

Mr. SYMINGTON, K.C.: The explanation is that it was sent by the agent. Not having arrived, it is being traced. There is no secrecy about it. He says he has communicated with the agent to trace the one that was sent, and if he cannot find it, to get another.

The CHAIRMAN: Anyway, the Chairman, acting as head of the Committee, directed the captain to send it and he should do as he is told.

Mr. DONALD: Mr. Chairman, we will see that it is produced.

The CHAIRMAN: It is going to be done, no doubt. That is all then, Mr. Scott.

The witness retired.

Mr. SYMINGTON, K.C.: I will call Doctor Grisdale.

Mr. MONTGOMERY, K.C.: For my information, Mr. Duff, will you say that she is a 'tween-decker? You saw this boat.

Mr. DUFF: I am pretty positive. I went down in her hold and in her engine room. I think she is a 'tween-decker.

Mr. MONTGOMERY, K.C.: They tell me she is not. I do not know, I am sure.

Dr. JOSEPH HIRAM GRISDALE, called and sworn.

By the Chairman:

Q. What is your full name, doctor?—A. Joseph Hiram Grisdale.

Q. Are you Deputy Minister of Agriculture?—A. Yes.

By Mr. Symington, K.C.:

Q. Dr. Grisdale, in the ocean carrying trade, what particular kinds of agricultural produce is your Department specially interested in?—A. All kinds of agricultural products. Chiefly livestock and livestock products, such as beef, beef cattle, bacon; dairy products; grain; horses, eggs. All kinds of agricultural products.

[Dr. J. H. Grisdale.]

Q. You have been in the Department a long time?—A. I have been in the Department of Agriculture for 26 years.

Q. And you have given the subject of Agricultural produces and the marketing of it, some consideration?—A. A great deal.

By Sir Eugene Fiset (speaking in French):

Q. Are you exporting potatoes, doctor?—A. (In French). Not at present.

By Mr. Symington, K.C.:

Q. What particular classes of produce, if any, do you consider to be suffering from too high ocean rates?—A. The product that is particularly concerning us just at present, and the one that we think would be most materially benefited by a lowering, is beef cattle on the hoof. Or stockers.

Q. Why do you say that, doctor?—A. The transportation charges on beef cattle, in proportion to the weight of the animal, are very high at present, especially when you compare them with the rates that maintained a few years ago. Previously to 1914 one could ship a steer weighing from 10 to 15 hundred pounds for 30/—, about \$7.50.

To-day, to send such a steer from Montreal, or Quebec, costs from \$20 to \$25, depending on the port to which it is sent, an increase of about nearly three times what it was. That has had the effect of cutting out practically all light cattle; anything under a thousand pounds, really under 1,200, goes over there at great risk, and for that reason it has deflected our trade in light cattle elsewhere, and the only other market we have is the United States, for lighter cattle than the ones I have mentioned. To get into the United States, there is a duty of a cent and a half a pound on cattle weighing less than 1,050 pounds, and two cents a pound for cattle over that weight. Hence, we are held up on the light cattle whether they go to Great Britain or to the United States, our only other outlet. Consequently, the fact that ocean rates are so high in comparison with what they were some years ago has had the effect of making it very difficult to build up this industry, which was opening up to us something over two years ago now; an industry, the exporting of stores, which promised to do great things for the beef growing industry of this country, which is susceptible of tremendous development, and which is already in a fair condition but which is hampered by lack of a market.

Q. So then I judge you have come to the conclusion that there is a large market available there if the producer can take advantage of it?—A. There is so far as Canada is concerned; there is quite an unlimited market available, because if you look at the figures from Ireland, for instance, the only other country from which Great Britain imports live cattle, they sent last year over a million head of one kind and another, of which about 700,000 were feeders. We are practically limited to very large ones. They can send all sizes, and all ages, as well as females. We cannot send females, because of the restrictions imposed upon us by the Treaty or by the Act passed two and a half years ago by the British Parliament.

Q. Col. Mullins gave evidence here and he seemed very much impressed with the necessity of lower rates because of the small cattle.—A. That is exactly what I have been trying to bring out. We cannot ship our small cattle because of the space costs. If you ship four in a box it costs \$20 apiece. If you ship five, the most you can possibly get in, and they must be small ones at that, or some of them at least, it costs \$18 a head. And that is the cheapest. If you ship anywhere else than to Glasgow direct, or Liverpool direct, or Birkenhead or Manchester or Avonmouth or Cardiff, if you deflect for one reason or another, then it costs you more, anywhere from \$22.50 to \$25. If you go to Dundee, on the east coast, then it is \$25. And we are not allowed to ship to any other port, although we ought to have that privilege.

Q. Then what do you think would be the effect of a reduction in ocean rates on cattle?—A. I think the effect would be to open up for us a market the value of which could scarcely be calculated. I think it would have a tremendous effect, not only on the value of our cattle, but upon our cattle industry. I believe it would develop that industry very rapidly, because it would show the breeders in the west, who are just restraining themselves because of the lack of outlet for this smaller stuff,—give them an opportunity to ship this stuff at a profit. If we would take off, say \$5 or \$6 a head, and supposing the rate were reduced to \$15 a head for four in a box, it would probably be \$13 or \$13.50 for five in a box, as you could easily put in cattle between eight and ten hundred pounds, and then it would take off \$6 or \$7 a head in the cost, which means a cent a pound, and the producer would almost certainly get that cent a pound, because the supply at present comes from Ireland, and they are getting that advantage; they are getting all that margin that comes out of the pocket of the producer in this country, because of the high freight rates.

Q. And you agricultural experts, who have been associated with that branch, are very strong on the other indirect benefits to the country of the establishment of a cattle industry in the country?—A. It would be a direct benefit, because it would open up the market for the rough forage which we can produce so cheaply and in such immense quantities in this country, and which we do not consume by any means to the extent we should because we cannot find an outlet that will pay for the labour required, in addition to the high freight charges.

For instance, to take a steer from Alberta to Montreal at present costs us between \$15 and \$18, depending on the size of the steer. When we get him to Montreal or Quebec, it costs \$20 more, plus the feed; so you see that adding those two together it makes a very heavy charge for transportation. The distance between say Lethbridge and Montreal—I speak of that because it is one place where we have a station and where we have had experience—it costs us about \$1.14½ a hundred to take the steer, and it costs about \$1.40 a hundred to take it from Quebec to Liverpool; much higher on the ocean than it is on the land, although the distances are very nearly the same. It is 2,300 miles I think from Lethbridge to Quebec, and it is 2,600 miles from Quebec to Liverpool.

By Mr. Montgomery, K.C.:

Q. Is that \$1.14 per steer or per hundred?—A. Per hundredweight, live weight.

By Mr. Symington, K.C.:

Q. That condition of the ocean rate being approximately the same as the rail rate, has that ever prevailed before? Or before the war?—A. Oh no, the rail rate was a little lower in 1913 than it is now. I cannot give the exact figures but somewhere between 25 or 40 per cent. Now it is nearly three times as great on the ocean.

There is another benefit that would accrue, it seems to me, to the shipping companies, if they could see their way to reduce this rate; that is, it would insure cargoes. At present it is only when a man has a chance to get a particularly good lot of steers that he considers shipping them. And it is only a limited number of our steers that go over 1,200 and are of the type that will command the highest price over there. Hence many ships go forward with their cattle decks not filled. Sometimes I believe the sailings are cancelled. In fact I have been told of three sailings being cancelled from now until the end of June, because of lack of demand for the space. Not so much lack of demand for cattle, but for other things to fill it up. Whereas if the cattle had been coming forward, enough to fill all the space at all times, there would not be the same lack of demand for space on the steamers and the steamers would have better cargoes.

[Dr. J. H. Grisdale.]

Q. Now did you tell us what you thought the reduction should be?—A. Well, a reasonable rate with present prices maintaining on land we will say, and for cattle, the two considerations which enter into the whole question, would, I consider be around \$15 for a mature steer.

Q. With a smaller rate for the thousand pound steer?—A. With a smaller rate where they put five in a box.

By the Chairman:

Q. When you say "box," that is a technical term; it really is a stall?—A. It is a box stall. That is what I should have said.

By Sir Eugene Fiset:

Q. Have you sufficient space to carry the business at the present time?—A. No, sir, there is not sufficient space on the steamers at present plying up the St. Lawrence. It would demand more steamers being brought on.

By Mr. Symington, K.C.:

Q. Do you know anything of the cost of carrying steers from Montreal to Birkenhead?—A. The actual cost on shipboard?

Q. Yes.—A. I do not know from actual experience, because I am not a shipping man, and have had no actual experience with it, but the costs have been given to me by some of the shipping firms some time ago, when we were protesting against the high cost; that was about a year ago, and it seems to me that about \$15 was the net cost at that time. Labour has come down since, and it seems to me therefore that \$15 would be a legitimate charge, leaving a chance for some profit. Of course this is only speculative, because I have had no experience.

Q. You simply studied the figures they gave you?—A. I simply studied their figures.

Q. Is there anything else you want to say first with respect to cattle?

The CHAIRMAN: I have one or two questions to ask the Doctor, Mr. Symington.

The WITNESS: There is something I would like to say just here. It is sometimes claimed that Canada should ship beef, finished beef, and in that way come in competition with the Australian Commonwealth and the Argentine Republic.

By the Chairman:

Q. When you say "finished beef," you do not mean on the hoof?—A. No, sir, finished beef, chilled beef from Canada. It has to be frozen in most cases from the Argentine, although I understand they have discovered a method of sending it over under some chilling process, in which it manages to keep its freshness.

By Sir Henry Drayton:

Q. They do it in two ways?—A. They do it in two ways. It is not very satisfactory, the chilling process.

Q. I have one of the latest reports on it, and it seems to be all right.—A. Some of them have not been satisfactory; I have seen some, and they were not satisfactory.

Q. How long ago is that?—A. Two years ago. I may say that I had a report from England yesterday, to the effect that a large shipment was coming under this process from Australia. I am expecting to hear from it shortly.

Q. I don't think they can carry it that distance?—A. We will see. I will let you have that report when it comes. I expect it in a few days. We

[Dr. J. H. Grisdale.]

tried this thing out two years ago, a shipment on our own account. We shipped over about 100 steers live, and 50 carcasses. It cost us \$22.50 at that time for a steer on foot, and for a carcass of a steer, for transportation charges alone, the cost was \$10.16; but in addition to that there were very extensive charges that had to be met which more than made up the difference in the cost of feed, care, and so on in carrying the live animal; for instance, I have an analysis illustrating the charges, somewhere here, if I can find it.

By the Chairman:

Q. What is that bulletin you have?—A. The name of this bulletin is 'How shall Canada export Beef Cattle?' Here it is. The whole thing, the average cost per carcass, the whole thing, the average cost per carcass was \$32.10.

By Sir Henry Drayton:

Q. How was that made up?—A. That is made up of the cost of the animal, the transportation charges to Montreal, where we killed it.

Q. Let us have the different details, please.—A. The average cost of a carcass from Lethbridge was \$38.16, made up of the cost of shipping, although I have not the individual carcass cost there, the steer cost. Then there was the slaughtering charge, \$2; materials for wrapping, about \$2.50 but not quite. These are given in totals. The extra labour, wrapping and loading 200 quarters, \$200.84. I will give it to you for 18 carcasses; 18 steers shipped from Lethbridge.

Q. Where were they killed?—A. In Montreal.

Q. Are you charging them with the railroad rate?—A. The 18 steers cost, from Lethbridge to Montreal \$325.89; slaughtering charge \$2 each, \$36; material supplied for wrapping, dressing beef for export, burlap and so on \$38.19.

Q. Did you say wrapping?—A. Wrapping. Extra labour, wrapping 72½, \$22.84; they have to be wrapped pretty well to prevent the slime gathering on them. Chilling beef, we have to put it in ice cars, to carry it from the abattoir to the boat \$38.16.

Q. But that is a railway charge, is it not?—A. No, that would not be a railway charge, because you would have to do that with any carcass.

Q. Who did the chilling, if the railways did not?—A. It is a railway charge, but it is from the abattoir; it is in connection with the beef. The same charge would not be applied to a living animal going across.

Q. That would not be chilled?—A. No.

Q. On what basis is that chilling charge made? There used to be such a thing as a chilling charge, a charge in the refrigerator car; you have to put something in for the refrigerator car service; is this the whole car service, or is it the chilling?—A. It is due to chilling, because the carcass is chilled in the refrigerator.

Q. In the first instance, it used to be done in this way, as I recollect it. When a beast was killed, it went into the chilling room?—A. That is what I mean.

Q. Then it was put into the refrigerator car. I want to know if the railway charges you \$38.16 for refrigeration?—A. That is for furnishing a chilled car, a refrigerator car, the transportation of course included.

Q. For what movement is that?—A. From the east end abattoir to the east end stock yards, to the wharf in Montreal, a distance of only four or five miles. They have to go around the mountain.

Q. It would be the sort of thing that with any proper management would be gotten rid of?—A. No. There are no abattoirs around the wharves.

Q. No, because we have put them where we cannot do the business. What is the next item?—A. Loading charges at harbour and handling at wharf, \$16.05.

Q. You gave loadings before at \$22.84?—A. This is for loading on the wharf.

Q. You gave loading at \$38.19, and loadings \$22.84?—A. Unloading and loading do not mean the same thing.

Q. Well, let us see. Is your \$22.84 for putting those carcasses after they were wrappel into the refrigerator car?—A. Exactly.

Q. Who charged you that?—A. The abattoir.

Q. What abattoir was that?—A. The east end abattoir.

Q. You certainly were easy?—A. Maybe we were. You will have to get someone to make a better bargain.

Q. An abattoir charge of \$22.84 for just putting the carcasses into the car?—A. Exactly.

Q. That is, beside the abattoir?—A. There is track at the abattoir.

Q. What is the next?—A. Ocean Freight.

Q. Have you something else you want to put in?—A. Loading charges, \$16.05.

Q. That is, loading on to the boat?—A. Exactly.

Q. How much?—A. \$16.05. Ocean Freight \$182.87; marine insurance \$27. Total to port of debarkation \$687.00. Average per carcass \$38.16.6, or \$38.166.

Q. \$38.16?—A. Or 17 cents.

Q. That is, for 18 carcasses?—A. Yes.

Q. What have you for 18 head?

By Mr. Shaw:

Q. What were those carcasses worth?—A. What did we sell them for?

Q. Yes.

By Sir Henry Drayton:

Q. Let us get the costs first, and take up the other afterwards?—A. We had 18 head. The railway freight on a Government steer from Lethbridge to Montreal was \$18.16, and ocean freight on a live steer was \$22.50.

Q. Can you give us the 18 the same as the others?—A. I will have to multiply it by 18.

Q. Let us take them singly, and we can work it out for ourselves?—A. The railway rate on a live steer from Lethbridge to Montreal was \$18.16 or 18.10.

Q. Is there any transfer charge at all at Montreal, or is it at Quebec; is there anything at Montreal?—A. No.

The CHAIRMAN: For what?

Sir HENRY DRAYTON: A switching charge?

The WITNESS: That is included.

By Mr. Duff:

Q. There was no switching?—A. That included all the railway freight charges. The straight freight charge was less than that.

By Sir Henry Drayton:

Q. The railway rate was \$18.16; what is the next?—A. The ocean freight.

Q. The ocean freight on a live steer from Montreal to Liverpool is \$22.50; that is \$40.60.

Q. What other charges were there?—A. That is all until we get over there.

Q. Do you insure your live beasts? I should think that the basis, if it is going to be fair, should show that. What is your insurance charge, because this is useless otherwise as a basis of comparison?—A. Yes; \$1.50 each.

Q. What about attendance on the railway?—A. That is included in the \$18.

Q. What about the feed on the railway?—A. I have here an analyzed statement for the 18 live steers, if you wish that.

The CHAIRMAN: Just try and answer the questions, Doctor.

By Sir Henry Drayton:

Q. I asked you what the feed charges were per head?—A. \$1.90 at Montreal. The feed charges en route were included in the first item I gave you there of \$18.

Q. You consider now you have charged for the 18 live steers?—A. Yes.

Q. Now let us have the whole thing for the 18 live steers?—A. The total charges from farm or station to Montreal were \$325.89.

Q. That is, from Lethbridge straight through?—A. Yes. That is the same as the other, isn't it?

Q. That is right.—A. Feed charges at Montreal \$1.90 each. They had to be kept a day longer than we would have liked, on account of slaughtering some of the steers.

Q. That would be \$34.15?—A. \$34.15. Reloading to the wharf for the 18 steers, \$1; tags 5 cents or 10 cents, \$1.80. Marking—they have to be branded—5 cents each, 90 cents; ropes and pails \$7.38; handling—that takes the place of the loading and the unloading and so on, 50 cents each, \$9; wharfage 15 cents each, \$2.70; insurance \$1.50 each at 5/8 per cent, \$16.88; ocean feed for the 18 steers, \$80.75; ocean freight for 18 steers at \$22.50, \$405, making a total of \$885.45, or an average per steer of \$49.19.

By the Chairman:

Q. Doctor, just repeat that.—A. Average per steer landed in England, \$49.19; landing charges—we had something to pay over there after that—lairage, three shillings each. That is for the box stalls, the corrals where they are kept. That makes \$12.75. This has been brought to cents, so we can follow it easily in Canada. Dues, 9½ pence each, \$3.36; driving, \$10.62; veterinary inspection—the Imperial government charge is sixpence each for inspecting these animals—\$2.12. Total, to time of sail, \$914.30, or an average per steer of \$50.79 from Lethbridge until it was ready to be sold, all charges paid.

By Hon. Mr. Sinclair:

Q. What is the total?—A. \$50.79.

Q. That is the average. What is the total?—A. \$914.30.

By Mr. Rinfret:

Q. You have been figuring the shipping at \$22.50?—A. Yes, that is what we had to pay in this case. You could get it cheaper now.

Q. Colonel Mullins told us the other day it cost around \$46 to ship a live steer.—A. He was probably figuring it at \$20. We can get it at \$20 now, but we could not then.

By Sir Henry Drayton:

Q. What was your rate then?—A. \$22.50.

Q. Why is the insurance more on the carcasses than it is on the live animal?—A. I could not tell you.

Q. I think I can tell you; you carried a higher rate of insurance in the one case than you did in the other.—A. I do not know.

Q. What was the idea of that?

The CHAIRMAN: This insurance would only be against perils of the sea, I presume?

Sir HENRY DRAYTON: That is all.

The WITNESS: These were the regular rates, I presume. I did not look into the rates other people were paying; I supposed we paid the same as anyone else. We are not the only people who exported carcasses.

[Dr. J. H. Grisdale.]

By Sir Henry Drayton:

Q. Some of the others are very anxious to go on with it?—A. The only one who has done anything worth mentioning in Canada is the Harris-Abattoir Company, and they shipped during 1923 a very large number of carcasses. They made a large number of shipments, and on the whole of their shipments, on the whole of their export business, I am not disclosing any secrets when I say they lost very large sums of money. On about one or two shipments, on one shipment anyway, they made a decent margin; on one shipment they broke about even, in fact on two shipments, I believe, and on the rest of the shipments they lost, without exception.

Q. And I think you know, Doctor, in connection with this market, that it is a market which has to be made?—A. Yes.

Q. It can only be done by a long steady effort?—A. Yes.

Q. You have to educate your people as to what you have to sell?—A. To a certain extent. I believe there are possibilities, if we—

Q. One minute; am I correct in that?—A. To a certain extent.

Q. I should have thought absolutely.—A. No, I would not say absolutely, because there are many other things which enter into it, which take too long to discuss here, and which do not bear on the point.

Q. And then it is absolutely necessary to have continuity of supply, is it not?—A. Absolutely.

Q. Is that not the real reason why that thing failed?—A. Not the complete reason; I believe it is really a part of the reason.

Q. Do you know of any reason why the Department here should sit down contentedly and allow the Argentine to have practically the run of that market, as far as we are concerned, when they are thirty days away, and we are only ten days away?—A. Yes, but we have the chance of shipping live cattle for which we can get a very much superior price than for dead cattle. We made a difference of about three cents a pound, live weight, in favour of the animals shipped live.

Q. You did not give us what prices you got for these two things. We have now the cost of the carcasses, \$38.16½ per carcass, and the cost of the live beast is \$50.79 in the English market. What were they sold for?—A. We sold these in London; I have a complete statement here, but I think it would be too long to give in this detail.

The CHAIRMAN: Try and give Sir Henry an answer.

By Sir Henry Drayton:

Q. What was your price per pound?—A. I do not have it in that form; it is given in detail. For instance, 50 hinds, 1,117 stones, 7½ pounds brought £234.

Q. Have you not the result there anywhere as to what the results were? Surely you have that.

Mr. DUFF: The total gross.

The WITNESS: 50 steers—.

By Sir Henry Drayton:

Q. You are getting away from it; we are dealing with two representative shipments.—A. 50 steers slaughtered—.

Q. No, you have given us these 18 carcasses.—A. I have not the details of the 18 carcasses.

Mr. RINFRET: I suppose that booklet is available. Could not the Doctor mail a copy of that to each member of the committee, and then we would have it all before us. I suggest this with all deference to the wishes of Sir Henry Drayton.

By Sir Henry Drayton:

Q. Have you ever considered the business now done in the Argentine?—A. Yes.

Q. There they exported in 1924, 3,293,400 quarters of this congealed beef. That is the new process, as I understand it. At the same time, they exported 3,286,200 quarters of frozen beef. There are over 6,000,000 quarters being carried on a thirty day ocean haul. How many did we send? Practically nothing.

—A. We are not sending very much this year; we sent quite a lot last year.

Q. How much?—A. About six million pounds.

Q. Just think of saying that is quite a lot. Six million pounds as against six million quarters, and they are making a lot of money on it.—A. We have not the same cattle business as the Argentine.

Q. There is no reason why we should not have.—A. We have not quite as good a cattle country as the Argentine.

Q. Supposing we got a proper rate on beef refrigeration; supposing the Department of Agriculture was to do for Canada what has been done in other countries. Take, for example, New Zealand, where you have an absolute firm arrangement under which the whole of the refrigerated space is contracted for, and paid for whether it is used or not, and a low rate procured. Do you not think if we were to start in doing that we could get into that market, or do you think low rates only help live cattle and do not help anything else?—A. Oh, I am not saying anything like that; you said that. I think low rates help anything.

Q. Certainly.

The CHAIRMAN: Except shipowners.

Sir HENRY DRAYTON: And I think it would help them, if we assured them of a steady load. I think, for example, if we were to make a proper arrangement so that the agricultural products of this country could get a really low rate, with a guarantee that the space would be filled, that the boats would make more money and our farmers would make more money.

By Sir Henry Drayton:

Q. Will you agree with that?—A. Quite. That is right.

Q. Now, have we worked out the difference here?—A. I have an analysis of it here; I will read it to you. The chilled meat realized a gross price of \$3.93 per hundredweight on the live weight at Montreal. After taking into account the expense of shipping to Montreal, it realized a net price of only \$2.96 per hundredweight.

Q. Say that again?—A. The chilled meat realized a gross price of \$3.93 per hundredweight; after paying the expenses from Montreal to London and the charges for selling, and deducting that from what we got for 100 pounds of beef, it left us \$3.93. That is what it realized. and then when we paid the other charges it left us \$2.96 at Montreal.

By the Chairman:

Q. Not quite three cents a pound?—A. Not quite three cents.

By Sir Henry Drayton:

Q. Then that is an absolute loss?—A. Of course, that is an absolute loss.

Q. What did you pay for selling it over there?—A. We sold it by auction.

Q. This chilled meat?—A. Yes, that is the way it is all sold.

Q. You sold it by auction?—A. Yes, at the regular auction marts.

By Mr. Johnston:

Q. Is that the way Argentine sells her chilled meats?—A. Yes, the same way. There may be some men who have it consigned to them.

[Dr. J. H. Grisdale.]

By Sir Henry Drayton:

Q. You may be interested to know that Argentine have their own shops that look after the distribution of Argentine meats and so on.—A. They may have some shops of their own.

Q. The figures I have are thirty-six.—A. They may have some, but when I was in London immense quantities of these were on sale in Smithfield market, in the different stalls by the butchers, and they did not belong to the Argentine, because they were handled by different English firms, along with Scotch meat and English meat.

Q. What year was that?—A. I was there two years; I was there in 1923 and in 1924. I went on the markets in both years.

Q. What prices did you get per pound?

The CHAIRMAN: Just a moment, Sir Henry, before you leave that point.

By the Chairman:

Q. You said something about "Argentine Shops." Are they established by the Government of the Argentine Republic, or do they belong to a company? I think you said something about "Argentine Shops" did you not?—A. No, I did not; Sir Henry did. I believe they are established by a company, not by the Government.

By Sir Henry Drayton:

Q. It is all run in connection with the same movement—with the same business? They are not running their cattle business in the Argentine under such conditions as will make a failure of it, but trying to make a success of it?—A. I saw Argentine beef selling for three cents a pound for front quarters in London, and there is not much money in that. The very best quarters were selling for from five to six cents per pound.

Q. I would like to get this date specifically, because I have some figures which do not agree with that at all. Will you give me this specific date?—A. I cannot give you the day of the month, but I remember particularly in 1923.

Q. Mr. Sales has the particular figures, and will get them for you in a moment.—A. The figures we are dealing with would probably be an average; the average is probably better than the minimum I mentioned, but I do not think the average is as good as the maximum I mentioned.

Q. What did ours sell for? How many pence a pound?—A. Meat sold in London at 4s. 2½d. per stone of 8 pounds, or 12½ cents for the forequarters and six cents for the hindquarters.

Q. What did we get for the live animals at that time? How much a pound?—A. Here is an analysis of 25 steers. It will be noted that 25 steers which were sold alive at Birkenhead and then killed there for fresh meat to be sold in London realized a gross return of \$9.33 live weight.

By the Chairman:

Q. Per what?—A. Per hundred pounds; whereas the dressed carcasses finished in the same way, realized \$3.93, as against \$9.33, or a difference of about 5 cents per pound.

By Sir Henry Drayton:

Q. Have you the total of that compilation in your pamphlet?—A. Yes, but not by the pound; the whole thing is here.

By the Chairman:

Q. Is it worked out?—A. It is worked out. The statement is made at the end, and after taking into account the shipping costs from Montreal, it leaves a net return of \$8.58 per hundredweight. At the time of shipping, export steers at Montreal were bringing \$7.50, so we made a good margin by shipping them ourselves.

[Dr. J. H. Grisdale.]

Q. What was the amount of cattle killed in our abattoirs in 1923?—A. In Canada?

Q. Yes?—A. I do not know whether I can give you that or not.

By the Chairman:

Q. If you cannot find it readily—A. I have it here somewhere, but I do not know whether I can find it.

Sir HENRY DRAYTON: I was wondering how that compared with the Argentine.

The WITNESS: Sold on the stockyards—this would practically be what would be killed in our abattoirs; it might not all be killed, but a very large percentage—in 1924, in the Canadian abattoirs, there were sold, on the Canadian stockyards, 872,932 head; in 1923, 830,898 head, and so on down.

By Sir Henry Drayton:

Q. What percentage of that would be stockers?—A. Those are mostly killed. We handled 299,530 head in 1924.

Q. Would that come off your total of 800,000?—A. No.

Q. So you think we slaughtered 800,000 head?—A. Somewhere around that; I cannot swear to that exact figure, but they were sold on the stockyards for slaughter, apparently. Those which were sold for feed or shipped out, amounted to 299,530 in 1924, and 219,814 in 1923.

You were speaking a moment ago about the export of live beef to Great Britain. As I said, last year we shipped about six million pounds; in 1919—

By the Chairman:

Q. Do you mean 'live' beef?—A. I meant to say "chilled beef". In 1918 we shipped 94 million pounds; in 1919, 37 million pounds; in 1920, 12 million pounds; 1921, five million pounds; in 1922, 1923 and 1924, each year, six million pounds—and a few hundred thousands besides.

By Sir Henry Drayton:

Q. Mr. Sales has kindly produced for me an actual sheet showing the quotation at Smithfield Market, taken at London. This is in 1921, and it shows during a comparatively short time, with a comparatively small amount of our shipments, the gradual growth in public favour of Canadian chilled meat?—A. That is right.

Q. We will go back to August 4th, the sales of Scotch, English, Canadian live, Canadian chilled, and Argentine chilled. Let us go back a little farther, on July 28th the Canadian chilled sold on the basis of one-eighth of a cent over the Argentine chilled, the rate being 7 5/8 d., and the Argentine 7 1/2 d; that is, one-eighth of a penny in favour of Canadian chilled?—A. Not much of a margin.

Q. As long as we are getting something better than our competitors, it is not so bad?—A. But if we are making a loss—

Q. I know your argument, Doctor, but perhaps you will permit me to finish. Try to keep an open mind—

The CHAIRMAN: After all, the conversion of Dr. Grisdale to the view of chilled beef as an export might take some time, which might usefully be used otherwise—

Sir HENRY DRAYTON: Perhaps we can, in a few minutes, do a little bit of missionary work; it is badly needed. Now, let us take the price of December 21st—and then the shipments stop very shortly afterwards, because they had not the beef—Canadian chilled was 7 3/8d. as against 5 3/8d for Argentine; in other words, in that time, Canadian chilled beef was four cents a pound above Argentine chilled?

The WITNESS: I can quite believe it.

[Dr. J. H. Grisdale.]

By Sir Henry Drayton:

Q. And it should be, should it not? It is better beef.—A. It should be; it is better beef.

Q. It should be, beyond a doubt?—A. I believe there are possibilities for our chilled beef, if we could get it worked out, but it seems to be exceedingly difficult to get it. The Harris Abattoirs have spent lots of money, and have made great efforts to get this business on a profitable footing.

Q. Now, I will give you another figure. You are quite right; at first, our beef going over on the hoof commanded a higher price than our chilled meat. At the wind-up of that experiment on December 21st, the actual quotation on Smithfield Market for Canadian beef was 7d a pound, and for Canadian chilled 7 3/8d?—A. There must be some other circumstances in connection with that, which are not given there.

Q. Here (indicating) is the record?—A. Yes, but there are no explanatory notes.

The CHAIRMAN: Sir Henry, do you think that touches us closely enough so that we should spend much time on it?

Sir HENRY DRAYTON: I thought we were trying to do something useful.

The CHAIRMAN: We are.

Sir HENRY DRAYTON: I have not seen much evidence of it as yet. If we can do anything to cut down this cost of refrigerated services, so that this country can get the benefit of her geographical situation, we are doing something useful. It may be, however, that the only useful thing to do is to consider the other end of it—the Petersen end of it—paying out money, but I had an idea, if we could show, as we can show from the records here, that there is a big market, and we ought to take advantage of it, and ought to have a great deal lower rate than \$1.50 on our chilled beef, and we can get it if we have anything like proper co-operative effort, that would be something.

The WITNESS: I have no objection to the chilled beef industry being developed. In fact, I should like to see it developed; it looks like a mistake for us to ship cattle over there and allow them to have all the offal and by-products which are used in this country.

Mr. DUFF: What has this to do with ocean freight rates? I have been trying to follow Sir Henry's argument.

Sir HENRY DRAYTON: I will tell you—with much pleasure.

Mr. DUFF: We will take the pleasure for granted.

Sir HENRY DRAYTON: Our greatest competitor is the Argentine, if we go into agriculture, and that journey is something over thirty days.

Mr. DUFF: What is the freight rate from the Argentine?

Sir HENRY DRAYTON: \$1.60.

Mr. DUFF: From the Argentine?

Sir HENRY DRAYTON: Yes; it is either \$1.60 or \$1.65.

Mr. DUFF: And from Montreal?

Sir HENRY DRAYTON: From Montreal, for a trip that takes sometimes 14 days at the outside, but an average of 10 days, the rate is \$1.50. I think that is something that has to do with freight rates.

Mr. DUFF: Now, you are getting down to brass tacks.

Mr. RINFRET: Will we get a copy of that statement?

The CHAIRMAN: Yes, the Doctor will send it to each member of the Committee.

Mr. RINFRET: Then we can read it at home.

The CHAIRMAN: I have a few questions I would like to ask Dr. Grisdale.

[Dr. J. H. Grisdale.]

By the Chairman:

Q. Doctor, the embargo is supposed to be off our Canadian cattle going into Great Britain?—A. Off our steers and spayed heifers.

Q. Not off all our animals?—A. No.

Q. To what ports of the United Kingdom can we ship our cattle?—A. To Glasgow and Dundee in Scotland, to Manchester, Birkenhead, or Liverpool, Avonmouth and Cardiff in England.

Q. Can we send to Aberdeen in Scotland?—A. No.

Q. Can we send to Hull in England?—A. No.

Q. Can we send to London in England?—A. No.

Q. Why can we not?—A. I will begin with the last one first. In London we did have docks where live cattle could be landed, but these docks, when the war was on, were taken over by the war people—I do not know what they called it, the "War Board" or something—and were used for war purposes. After the war was over and ever since the war, there has been a continual effort made by certain interests in London to have these docks brought back into use for cattle, but up to the present they have been unsuccessful. If these docks were available, I have no doubt that Great Britain would open the port of London for the admission of our live cattle. It would be of tremendous advantage to us.

Q. Is the port of Hull open to our cattle?—A. No. I do not think there would be any objection to Hull being opened, if there was any demand. But there is another thing; it requires certain separate lairages, and the cost of the provision of these lairages devolves upon the municipality, and those concerned, in which the lairages would be required, and who are interested in the importation to Hull, so far as I know, have not indicated their willingness to meet that cost.

Q. What about Newcastle?—A. The same thing—

By Hon. Mr. Sinclair:

Q. By "separate lairages" you mean separate lairages for Canadian cattle?—A. Yes.

Q. Apart from Irish cattle?—A. Yes, apart from any other cattle. The same thing applies to all these ports.

By the Chairman:

Q. Why should our cattle have to be kept separate from Irish cattle?—A. I do not know, unless it is to keep our cattle free.

Mr. SYMINGTON, K.C.: A remnant of the embargo.

Hon. Mr. SINCLAIR: What has this to do with freight?

The CHAIRMAN: Because if there were larger shipments of cattle to the Old Country, and if these ports, many of them which were open to Irish cattle, and are not open to our cattle, we might have a freer flow and the space would be taken up in greater quantity, and the boats might be able to give a lower freight rate.

By the Chairman:

Q. Is it true, Doctor,—and you will be able to inform the Committee—is it true that certain British ports are open to Irish cattle which are not open to Canadian cattle?—A. I cannot state, except that I know that Irish cattle sometimes go around the North of Scotland, to the east side, to Dundee, to one point. The disadvantage of Dundee is that the port charges are most extraordinarily high; consequently it costs \$5 more per head.

Q. My instructions are, from a prominent cattle shipper in Montreal, that there are ports open to Irish cattle in the United Kingdom, which are not open to Canadian cattle?—A. Yes, I believe so.

[Dr. J. H. Grisdale.]

Mr. McKAY: Why?

Hon. Mr. STEVENS: There are not very many important points that are not open to Canadian cattle.

The WITNESS: If we could have our cattle go to the several markets it would be exceedingly to our advantage, because in England nearly all the feeding, except on pasture, is done on the east side, Norfolk and the Counties around there, whereas on the west side, where they land, there is comparatively little feeding done.

By Sir Henry Drayton:

Q. Have they all got the same provisions as to sale?—A. Sir?

Q. Have they all got the same provisions as to sale? At one time, as I understand, there would be some official who would say "this beast is for slaughter"?—A. That is why I had to go over the second time. When we went over first and got the embargo removed they said that animals that were not too fat would be sold, but for the first few months nearly all the cattle that went over were allowed to be sold as stores, to move around, but in a little time, due to causes which I do not need to discuss here, they cut that out; and in a little while nothing but a certain type and a certain weight of animals was allowed to be sold as a store. Then, in 1923 we protested that and made as strong representations as we could, with the result that, since that time, there had been no restrictions, excepting restrictions as to a period of store or quarantine. They have to remain, I think, 28 days, in the first place they go to. For instance, you can sell them from Manchester, Birkenhead, Avonmouth, Cardiff or Glasgow, and they move on to the farm and they must stay there 28 days.

By Sir Henry Drayton:

Q. That is taken up by the purchaser?—A. Yes.

Q. That would reduce our price?—A. It limits the sale and it makes the price a little bit lower, on that account.

The CHAIRMAN: Any artificial operation of trade operates against the purchaser or the buyer or the seller or against both.

Sir HENRY DRAYTON: But often saves the country.

The CHAIRMAN: Nonsense.

The WITNESS: I might say that there are many representations being made to the Imperial Government by these feeders and they are increasing. Organization after organization is making representations to the Imperial Government, asking that greater liberty be given to our cattle because they are found to be much more free from disease than the Irish cattle. They are allowed to send in male and female un-spayed heifers, and we cannot do that but I think, probably, and I am hopeful that that will be removed in the future.

By the Chairman:

Q. It is the British breeders who are trying to keep out our cattle?—A. That is my opinion. I do not know if it is right or not.

By Mr. Symington, K.C.:

Q. You are through as regards cattle. Are there any other agricultural products which you consider the ocean rates are too high upon?—A. There is another product, for which there is a demand and which we have been trying, one way or another, for a couple or three years, to build up a market for; rather, to get some across and make a market for them, and that is horses; but we have been unable, in the first place, to get quotations, and when we did get quotations—one particular firm made a quotation of \$40 a head, and they

[Dr. J. H. Grisdale.]

said they would not take any. But if we could get quotations on horses, as we could, I believe, as there are more ships carrying cattle, it would leave greater space or more space. The equipment is more expensive for horses than cattle. You have to have stalls, and there are advantages to us in getting that market, not only in Great Britain, but in Europe.

Q. There is a market, you think, for horses, in Europe?—A. There is a large market, not only in Great Britain but on the Continent, as far even as Russia.

Q. Have we the horses in Canada?—A. Yes.

Q. So there is a possibility of opening that export trade there?—A. We have not many horses at present, because there is no demand. We cannot ship them. If we had the demand, there are great possibilities for horse raising in this country.

Q. Great possibilities?—A. Great possibilities.

Q. You say there is no rate quoted on horses at all?—A. As I say, we got a quotation of \$40; and then they would not take them.

Q. If the ship is fitted for horses and if the horses were not shipped, the stalls could be used for cattle?—A. No, they are different.

Q. I know they are better. Could you not ship cattle in them?—A. That would be too expensive, and we would not ship as many cattle. You could ship them, yes, but it would take a little more space than a steer would usually take.

Q. Only in case they did not get the horses?—A. Yes.

By Hon. Mr. Sinclair:

Q. Horses go one to a stall?—A. Yes, horses go one to a stall.

By Sir Henry Drayton:

Q. I wonder if we could not do something in that, by arranging with the breeders so that we could take a given amount of space, making it worth while for some boat to put in horses? There is the possibility?—A. We find a very strong aversion among the shipping companies to equip their boats for horses. I think it costs \$17 a stall, to build a stall.

Q. They do not want to spend anything on a gamble, but perhaps the Department of Agriculture would be interested in this, and if they were, cannot they say "we can ship so many horses regularly in such and such a way, so as to justify this expense?"—A. That might be worth trying. I might say that I have a cable to the effect that there is a man on the ocean now, coming to this country, with an order for some one thousand horses, I believe. Whether he will be able to get space or not, I cannot say. I have been trying all spring to get space.

Q. Were you in position to offer a firm contract for space?—A. No, but I asked for quotations, and they would not quote.

Q. I am afraid you will have to go a little further.

By Mr. Symington, K.C.:

Q. Do they carry them out of American ports?—A. No.

Q. They do not carry horses out of American ports at all?—A. Not that I know of.

Q. Are there any other agricultural products.—A. There are many others, but that is the only one I had in mind to discuss.

Q. You had not considered butter?—A. I am not so familiar with butter. I know something about the cost.

Q. We have had some evidence on that?—A. Yes.

Mr. SYMINGTON, K.C.: I think that is all.

[Dr. J. H. Grisdale.]

The CHAIRMAN: You will have some questions to ask Dr. Grisdale, no doubt, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. Just a few words about horses. I have just been informed by Mr. Marlow of a fact, which may or may not be within your knowledge that, in connection with this demand for horses for Russia—do you remember a buyer coming out here last year?—A. Yes, he came to my office.

By Sir Eugene Fiset:

Q. What is his name?—A. It is a Russian name. I do not remember it.

By Mr. Montgomery, K.C.:

Q. My information is, that there was a boat here, which they were ready to fit up for horses, and in fact, I think, went so far as to engage space. Do you know anything about that?—A. I have heard something to that effect, sir.

Q. Having engaged the space and having put the company to a certain amount of expense, he defaulted on his contract, because he could not find the horses?

Mr. DUFF: He could not catch them.

The WITNESS: He could find them all right, but he could not find the cash.

By Mr. Montgomery, K.C.:

Q. He could not find the cash?—A. Yes.

Sir HENRY DRAYTON: That is worse.

The WITNESS: I will tell you—I cannot vouch for this—this is what I know about it; at least there is no harm in saying it. He was prepared to put up 50 per cent of the value of the horses and wanted the rest of the price of the horses, plus the cost of transportation, to be collected at the other end, and the dealers at this end did not have sufficient confidence in Russian Finance to trust them.

By Mr. Symington, K.C.:

Q. They wanted to ship them c.o.d.?—A. That is what I am told. I cannot vouch for it.

By Mr. Montgomery, K.C.:

Q. That was not the difficulty with the boat. The boat was actually here waiting for the horses?—A. That is what I have heard.

By Mr. Rinfret:

Q. What had the Government to do with that?—A. The Government had nothing to do with it excepting this: They came to my office, three of them, with a translator and discussed the possibilities of securing horses, and where they could get them and so on. I gave them the information, and delegated one of our men to conduct them around these points, where horses were to be found, and to help them in every way that was possible, to get in touch with the horse dealer, the horse grower and seller. That is all I had to do with it.

Q. They went to you for information?—A. Yes.

By Mr. Montgomery, K.C.:

Q. That would not be very encouraging to the shipping company, to fit up the boat for horses?—A. No.

Q. I suppose no shipping company would undertake to fit out for horses unless they could be guaranteed a certain definite number of voyages?—A. I do not believe they would.

Q. Do you know of anyone, at present, who is prepared to enter into such a contract with any of the shipping companies?—A. As I told you a moment ago, there is a man, I am informed—and I think, correctly informed—on the ocean, at present, coming over here with a contract, to ship some animals over there. He is a man who has been interested in the horse business, who has been connected with the horse business for many years. If he finds this business successful he would be likely to continue it. Of course, if he found it unprofitable I do not imagine he would keep it up indefinitely.

Q. But for a trade of that kind, you would regard it as perfectly reasonable that before a boat could be fitted up for carrying horses, that someone, either the Government or the shipper, should give that boat a contract for a definite number of cargoes, a definite number of voyages with the spaces filled?—A. Well, I should think that a boat that was going to the expense of fitting up these stalls would need some sort of guarantee, or else charge an extortionate, or rather an extraordinary rate; I won't say extortionate.

Q. So far as the present inquiry is concerned, the problem is purely a speculative one?—A. I should say so, yes, entirely.

Q. There is no existing grievance at the present time in that respect?—A. There is no existing grievance but there is a very serious difficulty.

Q. Now let us go on to cattle. As I understand it, the difficulties you seem to feel are in reference to the lighter cattle?—A. Yes.

Q. You, of course, know Colonel Mullins, who was examined here the other day?—A. Quite well.

Q. He is one of the largest exporters?—A. Not one of the largest but he has exported heavily within the last few years.

Q. We have been led to understand that he has been in the game for a good many years?—A. Yes, a long time.

Q. And quite active?—A. Yes, he is a very careful exporter. He is a man who has made money. I do not know that they can all say that.

Q. And I think he told us that the exporters have done fairly well, they made money last year?—A. I believe they did, yes.

Q. Although the selling price last year in Scotland was very considerably lower than it is this year?—A. Not considerably lower. It was a little lower, not considerably.

Q. According to his figures, we have only his figures.—A. I have not last year's figures here, but my recollection is that it was probably a cent to a cent and a half a pound lower.

Mr. SYMINGTON, K.C.: On heavy cattle too.

The WITNESS: That is all heavy cattle. They are all heavy cattle, practically. What we call heavy cattle.

By Mr. Montgomery, K.C.:

Q. I do not know what you are calling heavy and light. What do you call light cattle?—A. Cattle that weigh less than 1,000 pounds or less than 1,050 pounds.

Q. Col. Mullins told us the English market did not want those, that they wanted cattle from 1,050 to 1,150 pounds.—A. Those are the cattle that will command the highest price, but they are not the only cattle that will sell well, if we can sell them at a reasonable figure. I saw, on the Manchester market, no, on the Birkenhead market, some thousands of head of cattle running around 8 to 10 hundred pounds, and they went like hot cakes, but not at a very high figure.

Q. I am told the price realized for cattle under a thousand is likely to be considerably less than it is for the ideal stocker, from 1,050 to 1,150?—A. It is less, but it is not proportionately less.

[Dr. J. H. Grisdale.]

Q. You told us a few moments ago that it would be very desirable that our cattle should be finished here, if that were practicable?—A. Yes.

Q. And that we should get the offal?—A. Yes, finished and slaughtered here.

Q. Then taking it from the point of view of finishing here to the greatest extent.

The CHAIRMAN: That they should see their finish here.

The WITNESS: I should like to see them killed here, because I believe it affords employment to a considerable number of people in this country, and we would have these by-products which are of very considerable value.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, the heavier we can make our beasts, the longer we can feed them here consistent with market conditions, the better?—A. No, that is not right. The quicker we get rid of an animal off the farm, the better. That is, after it is a certain weight or size, the animal that is kept for four or five years, or three to five years, as is too often the case, is a losing proposition to every farmer that keeps him, and that is one of the principal points against these present rates. and one of the principal points in favour of a lower rate for smaller cattle, so that we can send these smaller cattle and make a good margin on them, whereas if we have to keep them to a large size and if they are kept on the pastures of this country, and have to be kept until three, four or five years old in some cases, they are kept at a loss every time.

Q. Then you do not agree with Col. Mullins? Did you read his evidence?—A. I did not read his evidence, but I am sure he would agree with me in that respect.

Q. Did you say he would or would not?—A. He would.

Q. My friend is saying sotto voce that he would, but we can refer to his evidence. In the first place are we in agreement that the ideal stocker they are calling for over there is from 1,050 to 1,150?—A. That is the ideal, yes.

Q. And that that stocker brings a higher price per pound than the lighter?—A. Yes, he brings a higher price per pound slightly, and he brings a very materially higher price per animal.

Q. And other things being equal, it is therefore desirable that we should land the beasts over there that will bring the highest price per pound?—A. Not necessarily, no. We want to land the beast over there that will make us the most profit in Canada. That is what we are after.

Q. I should have thought that naturally followed?—A. Not at all, it does not follow.

Q. Just a moment. Perhaps you are not following my question. I said, other things being equal it would be desirable that we should ship them over there in the condition best suited to their market?—A. What do you mean by "other things being equal"?

Q. I mean that we will pass on to the other element as far as that is concerned.—A. No, I won't admit that without knowing what you mean.

Q. I am not trying to trap you in any way, doctor. We are all trying to get information and all interested in the same thing.—A. But the other things being equal, is so exceedingly important that I cannot admit it.

Q. We must deal with one element at a time. If other things were equal, shall I put it that way?—A. All right.

Q. It would be desirable that we should get our cattle over there in the condition which the feeder over there asks, and at the weight that he asks. That is correct, is it not?—A. That is too broad a statement. Because when you say that, if you mean by that, that the feeder asks for an animal from 1,050 to 1,100 or 1,500, that is the animal for which he will pay the highest price; but

he would buy an animal weighing as much as 1,250 or 1,300, and he will also buy with almost an unlimited demand, the steer weighing from 900 to 1,050.

Q. We will leave it to the statement that the thing he would like to buy is the steer weighing from 1,050 to 1,100?—A. No, some men would like to buy them.

Q. So you withdraw your former statement that that is the ideal?—A. No, that is the ideal and the steer that many people would like to have.

Q. Then let us drop that. You say that the animal under 1,000 can be carried five to the pen?—A. At present, yes, the British authorities now demand that where there are five to the pen they shall not be over a thousand pounds on the average and an odd one may be over a thousand.

Q. Col. Mullins said it was not desirable to send that kind of animal over five to a pen?—A. No, it is not.

Q. He tells us on the other hand that it is to the greatest advantage, or to use his own words, he says: "The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairie." That is at page 717.—A. Will you read that again please?

Q. "The lighter animal is what I am advocating to get the better prices for the man who is producing on the western prairies." You agree with that do you not?—A. Yes, quite.

Q. (Reading):

"What would that lighter beast weigh?—A. Probably 1,150. We are compelled to ship the heavy cattle, 1,400, or 1,300, nothing under 1,200, to meet the heavy charges, and that is not the animal they are asking for.

"Q. What is the right weight for the English market?—A. 1,050 to 1,150, well finished, not thick fatted, but in good order, and he comes back to the land after he has thirty or sixty days' feed of these Scotch turnips—he comes back and sells at the highest price in Britain. He becomes a Scotch-fed bullock and he comes back on the British market as a Scotch-fed one, and he commands a higher price."

A. That is the idea for a certain class but there are a greater number of farmers in the Old Country ready to take the lighter stocker and keep him a longer time.

Q. Let me read you again from Col. Mullins' evidence at page 713. He says:—

"We made a promise to them, while we were trying to remove the embargo, that we would send them an animal weighing from 1,000 to 1,100 pounds. Under the present \$20 rate, it is absolutely impossible to ship that animal without a loss, from this country—from Western Canada."

"And is that the class of animals which Western Canada breeds?—A. That is the class of animals which Western Canada can raise plentifully.

"Q. And to the best advantage?—A. To the best financial advantage in the west, on account of the conditions out there."

—A. Exactly. He supports what I said.

Q. (Reading):

"That is, it is an animal which is fed on grain and grass and is finished in Scotland?—A. It is fed on grass during the summer time, taken in during the winter, kept in good flesh, and then sent over to Scotland for finishing purposes."

Now do you agree with that? First, let me read you the following question:—

"Q. And is it a fact that Canadian cattle finished in Scotland in that way command a higher price in the market?—A. Yes."

That is from my friend's examination.—A. I may say that Col. Mullins and myself have discussed this question many times in the last few years, and we are in perfect accord in the matter. If you wish to take one of his statements and say that is the whole statement, why you can do it of course, but he is only making one statement there, he did not deal with the other side; but we are in perfect accord in this matter.

Q. I do not think he was at all restricted and he is quite emphatic upon it?—A. Yes, his statement agrees with mine that that is the most profitable, but that is not the only thing. It is most profitable in this country, we find, to ship selected bacon, that is longest bacon, to the Old Country, but that is not the only kind we ship, and we can find a market for the other as well, and make a profit out of it. If we could get all our steers prepared, have them made up ready at 1,050 pounds, just in right condition to finish off in anywhere from 60 to 120 or 150 days, that would be ideal, but we cannot do it; our steers grow up one by one, of different sizes and breedings, and one man wants to sell them at 800 pounds, and another at 1,300. We have to have a market for all these classes, and there is a market, a demand, on the other side for all these classes; but the present rates have the effect of giving the owners with the heavy steer—owners or holders—an advantage over the light owners. It may be all right; I don't know; but I would like to see it, that is what I am saying, I would like to see it five dollars a head less and it would mean that we could ship tens of thousands, or hundreds of thousands, of steers out of Canada, that to-day cannot go, because of this high freight rate.

Q. Now let us take this statement, which is suggested by your last answer, and it may be all right. You are aware that the basis upon which cattle rates have to be fixed, is the cubic measurement basis?—A. Well I suppose we could figure it out that way. It is not the way they are usually calculated. It is calculated on deck space, but you may have to take cubic content. Sometimes it is on the upper deck, and if you figured it out high enough, you would go a good distance.

Q. But there is a shelter above them surely?—A. No, lots of them have not.

Q. Then, not to quibble, we will take it on the 'tween decks; it is figured on the cubic measurement basis and has to be?—A. I suppose it is, yes.

Q. Consequently, if you have your fixed number of beasts per stall, it costs the ship just as much to carry a light beast as a heavy beast?—A. No, if you can put five in a stall it will not.

Q. Then let us take the two classes. If they load five in a stall, they give a reduction at the present time.—A. Yes, they give \$2.

Q. I understand you are not quarrelling with that differential?—A. No.

Q. It is not the differential of \$2 you are quarrelling with, it is the basic rate?—A. No, not at all. I am not quarrelling with the thing at all. I say it would be a tremendous advantage to Canada. The price may be justified. I do not know.

Q. That helps us a lot. You do not know whether the rate is too high or too low?—A. I would like to see it lowered, that is what I am asking.

Q. From the point of view of the farmer and from the thought that it would encourage cattle breeding?—A. I am confident it would. When we had a chance to get our cattle into the States, before the duty went on in 1922, we sent to the United States over half a million cattle; and since then we have not sent more than 100,000.

Q. I understand these cattle are practically all exported by dealers?—A. A large proportion of them are, but many are exported by the owners, by the feeder, many of them.

[Dr. J. H. Grisdale.]

Q. We will take it then that the large proportion at least are exported by dealers?—A. I suppose the majority are, I think so.

Q. And these dealers can make up their cargoes pretty well in the way they want them?—A. In what way do you mean?

Q. They can buy heavies as well as lights?—A. Oh yes, certainly.

Q. And average up, if it is a flat rate?—A. But they don't buy many lights, because they are too expensive in the getting over, and they don't bring the price when they get over, commensurate with the cost.

Q. They are not the ones they are looking for the most, particularly if it is a flat rate?—A. Yes, with a flat rate, the heavier the animal, the lower the cost per pound for transportation.

Q. Well now, Doctor, have you given any thought to this subject; would you recommend a flat rate, or three flat rates if you like, or a rate based on the weight?—A. Well, it would be better, but of course that would not give the same rate I presume for a light steer as for a heavy steer, or a small one as compared with a big one.

Q. The element of space is involved?—A. The element of space is involved.

Q. You have got down to a flat rate or to two flat rates?—A. I would imagine you would have two rates per pound.

Q. All I wanted to know was, whether you had any method to suggest as of importance for reducing rates?—A. No, I have not.

Q. You think that is the most practical one?—A. I think so. I do not see any way of changing it materially.

Q. Then if you have a flat rate, or two flat rates, they must necessarily be made in reference to the average animal, must they not?—A. I suppose you could fix it by setting a certain weight, say 1,000 pounds, as the dividing line.

Q. Then when you get above that—because we are told they run as high as 2,000 pounds—A. Very seldom.

Q. But they run up to 1,400 and over?—A. Yes. The best class of cattle weigh around 1,300 and 1,350.

Q. So that we might take 1,200 as a fair average, for the higher rate classification?—A. From 1,200 to 1,250.

Q. Have you any idea what profit the dealers are making at the present time on a 1,250 pound animal?—A. Per head?

Q. Yes, per head?—A. Well, if a man is lucky, he might make \$5 per head; if he is mighty lucky, he might make a little more, and if he is not lucky at all he will not make anything.

Q. Do you know the prices in Glasgow the last month?—A. Yes, around 18 or 19 cents. I cannot remember them all.

Q. Are you giving us now the live weight?—A. Dressed.

Q. I am speaking of steer cattle over there?—A. They would be selling around 9½ to 10 cents.

Q. You are away off in your information, Doctor.—A. You are talking over a certain length of time, are you not?

Q. I am putting it over the entire month?—A. They would not be quite that high.

Q. You know the figures, then?—A. Yes. They would not be quite that high for the month.

Q. As what?—A. Ten cents.

Q. That is, for the last month?—A. Yes.

Q. Turn up the files of the Farmers Advocate—you know that publication?—A. Yes.

Q. Turn up the files when you get home, and tell us what the closing price was on the Glasgow market. They have been selling during the month of May at 12, 12½, 13 and 14 cents?—A. It depends upon the quality, entirely; to get the best, you would have to pay that price.

By Mr. Duff:

Q. Would they be stockers?—A. Extra good stockers would probably bring 12 cents.

By Mr. Montgomery, K.C.:

Q. If you have not the figures, I am not going to take up your time or the time of the Committee with it. You have not taken into consideration whether the prices will stand that rate or whether they will not?—A. The price they get is based—the price the dealer pays is based upon what he finds to be his charge; that is to say, if he has to pay \$20 for transportation, plus the cost of the voyage and other charges over there, then he calculates what he can pay on this side, and he is paying anywhere from $6\frac{1}{2}$ to $7\frac{1}{2}$, and occasionally 8 cents.

Q. Whatever they are, the prices have been sufficient so that there has been a tremendous increase?—A. No, the price has been sufficiently low on this side to permit them selling over there.

Q. I thought we had passed that, Doctor. The prices, whatever they are, have been sufficient so that there has been a considerable increase in the growth of export cattle?—A. Yes, there has been a growth in export cattle. You mean in the year?

Q. As between 1922, 1923 and 1924?—A. There were none in 1922 excepting fat cattle; in 1923 the export was a little over 50,000, and in 1924 not quite 80,000.

Q. The demand for space this year is greater than the corresponding months of last year?—A. Yes, I believe so.

Q. And the conditions have been such as to encourage the farmers in embarking in that branch of the industry?—A. Not to the extent they should.

By Mr. Kennedy:

Q. How do prices compare on the Canadian markets, with last year?—A. They are not any better, hardly as good. I noticed, I think it was Monday, that the price was a little bit lower.

Q. Isn't that partly the reason why there are so many for export?—A. Yes.

Sir HENRY DRAYTON: That is the reason our export power is diminishing.

By Mr. Montgomery, K.C.:

Q. The farmer must be making a greater profit than he did last year?—A. Well, possibly he is, but there is some considerable risk, you know.

Q. The risk was the same last year as this year?—A. I was going to give you some figures, if you would like to hear them.

Q. Do not go at too great length into other things.—A. It will only take half a minute. You know the dealer very well; he shipped last year 2,000 head of cattle and cleaned up \$2,000, so he did not make a tremendous margin, did he?

Q. But some have lost money?—A. Some have lost money.

Q. And some of them have made very much more?—A. Possibly some of them did.

Q. The present difficulty, as we have been told by everyone to date, is getting space rather than rates?—A. Just at present, yes. Some of the boats have been taken off.

Q. Some boats have been taken off because apparently the owners were not satisfied that they would pay?—A. Well, it was not due to their being unable to sell cattle space.

Q. That is right, the cattle space was fully taken?—A. Yes.

Q. At the \$100 rate?—A. Yes, so I believe.

Q. Yet they were compelled, for one reason or another, to cancel sailings?—A. So I have been told.

Q. The rates on other freights were so low that the round voyage would not pay the expenses?—A. I heard that the freight did not offer, I don't know, so I was told.

Q. The grain rate has been very very low this spring?—A. I do not know that.

Q. You say you do not know that?—A. No.

Q. In any event, does that indicate to you that it is desirable to discourage the development of the fitting up of boats to carry cattle?—A. Does it indicate that it is desirable?

Q. No, taking the conditions as they are, looking at a typical case, would you say that at this time it would be well to enforce a lower cattle rate?—A. I said a little while ago that I did not know anything about rates, but I know that I would like to see lower rates, so that the cattle industry would be encouraged.

Q. I have no doubt that as Deputy Minister of Agriculture, you would like to see them carried at half rates?—A. That would be better, from our standpoint.

Q. And quarter rates would be better still?—A. No; we have to be reasonable.

Q. You think it would be better if it was back to \$7.50?

Sir HENRY DRAYTON: We will all agree with that.

The WITNESS: I think we would.

By Mr. Montgomery, K.C.:

Q. Looking at the thing at the present time, is this a time when the boats should be encouraged to provide more cattle space, or encouraged to drop the carriage of cattle?—A. As I said a few moments ago, I believe that if the rates were lowered it would induce many more men to ship cattle across, and would give larger cargoes of that description.

Q. But at the present time, we are dealing with the present system, when we are told that you can fill every stall that is available; I was going to say twice over but I do not want to be guilty of exaggeration—there is no difficulty in filling every stall?—A. At present, I believe not.

Q. So that the encouragement of the industry is not going to help the ship-owners very much at the present time, when they can get all they have space for?—A. But why not make space for cattle?

Q. I assume that those boats are fitted to take all the cattle they reasonably can?—A. Some of them are, and some could have another deck easily.

Q. Another deck built on?—A. Most of them carry cattle on the upper deck, and shelter them with a tarpaulin in the summer season. In summer the lower deck is a little hot, but they can carry them in the meantime.

Q. You are in favour of another deck?—A. Yes, next the top deck.

Q. The single deck ship is not going to help us very much?—A. I have been on single deck ships, but have got off them as quickly as I could.

Q. You spoke of labour rates having come down; do you know whether that applies to the ship labourer?—A. No, I do not know whether it applies to him or not, but it applies to other things, I know.

Q. Let us take the list. I have the increases given to ship liners who do a great deal of this work of fitting out cattle stalls in Montreal, and my information is that the rate went in 1923 and 1924 from 50 cents to 62 cents. Those are the men who do the cattle fitting. So the wages of ship labourers have gone up?—A. Have they? I am surprised to hear that.

Q. I do not want to ask you to speak as to that, but you said labour had gone down; you are not prepared to say that is the case, so far as it concerns the labour that is affected there?—A. No; I was just thinking of the general labour market.

[Dr. J. H. Grisdale.]

Q. Do you know that the Imperial Shipping Board is investigating this cattle question at the present time?—A. Yes, I have their interim report.

Q. You say you have their interim report?—A. Yes.

Q. There is one other thing, Doctor; do you know that the Canadian Pacific Railway fitted out three ships, and do you know the experience of the C.P.R. in fitting out boats for chilled beef?—A. No.

Q. I am told that they specially fitted up three boats to carry chilled beef?—A. Possibly they did, I do not know.

Q. You have never investigated that?—A. No.

Q. And that they hadn't any demand for the space, after they had them fitted?—A. I am not surprised, judging by the experience my friend McLean had in shipping his beef.

By the Chairman:

Q. Was that Mr. McLean of the Abattoir Company?—A. Yes.

By Mr. Montgomery, K.C.:

Q. At any rate, whether it is or is not the best method of exporting, you are not attaching any blame to the shipping companies in reference to this chilled beef question?—A. I have never thought of it.

Q. Then we get back to the fat cattle question. Let us see if we can clean that up. At the present time the principal desideratum is space, not rate, that is the principal thing?—A. No, both. I would not say one was more important than the other.

Q. You think you can treat both in that way, cut the rate and at the same time get more space?—A. Yes, that is the way I would say you could make money. If I could get a little more business to do in a wholesale way, I could do it a little bit cheaper.

Q. Then if you were able to take up every bit of space you could get, and you could make money, you think that that would be the great thing to develop?—A. I would not like to be the company, but I would like to be the man shipping the cattle.

Q. We will not take up any more time with that, then. We are in agreement that a flat rate is the only practical one?—A. It would be practicable to make either one; it might, I won't say.

Q. Therefore a flat rate has to be based on the average animal, to be fair to both parties to the rate?—A. It has to be based on the space occupied.

Q. The space occupied by the average animal?—A. Yes.

Q. And if the space occupied is the same for one size as another, above and below 1,000, it must be based upon what the exporter can afford to pay for the average animal?—A. I would say it ought to be based on what the trade is best able to pay the industry. I am not a great believer in charging all the traffic will bear.

Q. But you must base your rate upon something that surely must have some reference to the average animal. Is that not correct?—A. Yes, it has to have some reference to the average animal.

Q. Once you get away from imposing a graded rate, and impose a flat rate, that surely must have some reference to the average animal?—A. Yes.

Q. So it is up to the exporter to average up to that rate.—A. The trouble is that whenever he takes the lights he loses money.

Q. He does not make as much as on the heavies?—A. He loses, absolutely.

Q. Surely that cannot be so with regard to the ocean freight question. If he averages up by taking some that are over the average, and others that are under—A. I was thinking of the man who would ship a 1,200 pound steer and make some money, and supposing the same man shipped a 900 pound steer, he would lose money. Of course, you can average it up and say he made

[Dr. J. H. Grisdale.]

half as much on the big steer and balance up on the little one, but the trouble is the small steer loses money. Some of the best men in the Old Country have come over here and bought cargoes of light steers, just what they wanted to feed on their rich pastures, and have gone back and lost money.

Q. Is that what he wants? We have been told just the contrary.—A. No, you have not; you have been told something else, but not the contrary; not by me.

Q. You just a moment ago said—your last answer was that that was just what he wanted, the light steer.—A. That is just what I am saying, yes, as well as the heavy ones.

The CHAIRMAN: Mr. Montgomery, might I suggest this, that surely one buyer in the Old Country might want an animal from 1,050 pounds to 1,150 pounds, and that there are others who might want a light animal for the purpose of finishing.

The WITNESS: Exactly. I have been trying to tell Mr. Montgomery that three or four times.

By Mr. Montgomery, K.C.:

Q. If that were true, the inference would be that there would be an equally good price for the light animals as for the heavier.—A. Which shows you are not familiar with the trade.

Q. I am not making any profession of that; you see, we have to examine professors and doctors and everything else. Do not expect too much of us.

The CHAIRMAN: I offer this with great humility, because I do not fall within either of these classes you refer to, but it would appear to me as common sense that a certain finisher in the Old Country might feel it is best for his business to buy an animal from 1,050 pounds to 1,150 pounds which perhaps requires from 30 to 60 days finishing, while another man is so situated in regard to pasture and facilities for getting stuff so that he wants the cheaper animal.

By Mr. Montgomery, K.C.:

Q. I suppose some might want to bring over calves, as soon as they are ready to ship?—A. Some might.

Q. But that does not get us very far.

By Sir Henry Drayton:

Q. Doctor, in connection with this exportation, I just want to draw your attention to an article, which shows that while we are limping, this outside authority says that this business of the Argentine is making a tremendous advance, and there is a tremendous consumption of this meat in Europe.—

A. Yes, no doubt about it.

Q. Now let us see if we cannot get something done.—A. There would not be anyone more enthusiastic than myself to get into that business if we could.

By Mr. Kennedy (Glengarry):

Q. What is the comparative cost of producing a steer in the Argentine as compared with Canada?—A. They produce their steers much cheaper. We have this advantage, in that we are the only people outside of Ireland who can ship live cattle to the Old Country, and there is a demand for that class of cattle; they will pay more for that than for the dead cattle. They (Argentine) cannot ship; they would not be allowed in England if they tried.

The CHAIRMAN: Does anyone wish to question Dr. Grisdale any further upon the question of chilled beef or live cattle? If not, I will suggest to the committee that they tender me their advice as to what time we should adjourn to to-morrow.

The Witness retired.

The Committee adjourned.

Special Committee Appointed to Consider the
Resolution

To Give the Government of Canada Control Over
Certain Ocean Rates

Proceedings of the Committee

No. 23—Thursday, May 28, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
(for the steamship companies)

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. W. J. Egan, Deputy Minister of Immigration and Colonization,
Ottawa, Canada

Sir William Petersen, K.C.B.E., Ship-owner and Manager, London, Eng-
land

EXHIBITS

No. 88—Comparison of ocean rates and rate increases, 1913, 1919 and 1924,
with special reference to Exhibits Nos. 24B and 53. Filed by Mr. H.
J. Symington. (Printed as appendix to proceedings)

No. 89—Transatlantic Sailings from Boston and Montreal for the years
1894, 1902, and 1924. Filed by Col. William I. Gear. (Printed as
appendix to proceedings)

No. 90—The Immigration Act and Regulations. Filed by Mr. W. J. Egan.
(Not printed)

No. 91—Montreal port charges for S.S. "Rio Dorado." Filed by Sir
William Petersen. (Read into evidence)

No. 92—Builders' plan (partial) of S.S. "Rio Ottawa." Filed by Sir
William Petersen. (Not printed)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

THURSDAY, May 28, 1925.

The Committee met at 11 o'clock, a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—12.

Exhibit No. 88, "Comparison of ocean rates and rate increases, 1913, 1919 and 1924, with reference to Exhibits Nos. 24B and 53", was filed by Mr. H. J. Symington, K.C., and ordered to be printed as an appendix to the proceedings.

Exhibit No. 89, "Transatlantic sailings from Boston and Montreal for the years 1894, 1902 and 1924", was filed by Col. William I. Gear and ordered to be printed as an appendix to the proceedings.

Mr. W. J. Egan, Deputy Minister of Immigration and Colonization, Ottawa, Ont., who was in attendance, was called, sworn, examined and retired.

During the course of his examination Mr. Egan filed Exhibit No. 90, "The Immigration Act and Regulations", which is not printed.

Sir William Petersen, K.C.B.E., ship-owner and manager, London, England, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 12.55 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Fiset, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.45 o'clock p.m. to meet again at 8.30 o'clock p.m. this day.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

Sir William Petersen, who was again in attendance, was further examined and retired.

During the course of his examination Sir William Petersen filed Exhibit No. 91, "Montreal Port Charged for ss. *Rio Dorado*", which was read into evidence; Exhibit No. 92, "Builder's plan (partial) of ss. *Rio Ottawa*", which is not printed.

The Committee adjourned at 10.55 o'clock p.m., to meet again at 11.30 o'clock a.m. to-morrow, Friday, May 29, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

EXHIBIT No. 88

LIST No. 1

OCEAN RATES FROM CANADA AND UNITED STATES PORTS TO GREAT BRITAIN
1913 AND 1920-1924. EXHIBIT 24 B, 1919 RATES EXHIBIT 53

	Rate		Increase	Rate 1913	Percentage Increase
	\$	cts.			%
APPLES, Barrels—					
<i>Ordinary Stowage—</i>					
1919.....	3	00	228	72	317
1920.....	2	50	178	72	247
1921.....	1	75	103	72	143
1922-1923.....	1	25	53	72	74
1924.....	0	90	18	72	25
BUTTER—					
<i>Ordinary Stowage—</i>					
1919.....	1	00	63	37	170
1920.....	1	25	88	37	238
1921-1922.....	1	00	63	37	170
1923.....	0	90	53	37	143
1924.....	1	00	63	37	170
BUTTER—					
<i>Cold Storage—</i>					
1919.....	2	50	197	53	371
1920.....	2	75	222	53	419
1921.....	2	00	147	53	277
1922.....	1	75	122	53	230
1923.....	1	40	87	53	164
1924.....	1	50	97	53	183
CHEESE—					
1920.....	1	00	69	31	223
1921-1922.....	0	75	44	31	142
1923.....	0	60	29	31	94
1924.....	0	70	39	31	126
EGGS, Cases Cu. Ft.—					
<i>Ordinary Stowage—</i>					
1919.....	0	65	54	11	491
1920.....	0	50	39	11	355
1921.....	0	40	29	11	264
1922.....	0	35	24	11	218
1923.....	0	25	14	11	127
1924.....	0	35	24	11	218
PROVISIONS—					
<i>Ordinary Stowage—</i>					
1919-1920.....	1	00	76	24	317
1921.....	0	75	51	24	213
1922.....	0	60	36	24	150
1923.....	0	40	16	24	67
1924.....	0	50	26	24	108
PROVISIONS—					
<i>Refrigerator 35-40°—</i>					
1919.....	2	25	190	35	543
1920.....	2	00	165	35	471
1921.....	1	50	115	35	329
1922.....	0	70	35	35	100
1923.....	0	70	35	35	100
1924.....	0	85	50	35	143
PROVISIONS—					
<i>Refrigerator 25° or lower—</i>					
1919.....	2	50	211	39	541
1920.....	2	25	186	39	477
1921.....	1	75	136	39	349
1922.....	1	35	96	39	246
1923.....	1	05	66	39	169
1924.....	1	15	76	39	195

All rates are in cents per 100 lbs. except Apples per Barrel, Eggs per cu. ft.

SPECIAL COMMITTEE

List No. 1—Concluded.

	Rate	Increase	Rate 1913	Percentage Increase
	\$ cts.			%
POULTRY—				
<i>Refrigerated—</i>				
1920.....	2 50	199	51	390
1921.....	2 00	149	51	292
1922.....	1 75	124	51	243
1923.....	1 40	89	51	175
1924.....	1 50	99	51	194
SHOOKS—Measurement 1913				
<i>Per 100 lbs. 1920-24—</i>				
<i>See Summary.</i>				
1920.....	1 00	80	20	400
1921.....	0 75	55	20	275
1922.....	0 60	40	20	200
1923.....	0 40	20	20	100
1924.....	0 35	15	20	75
FLOUR—				
1919.....	1 00	81	19	426
1920.....	0 65	46	19	242
1921.....	0 32	13	19	68
1922.....	0 20	1	19	5
1923.....	0 19	0	19	0
1924.....	0 19	0	19	0

Lumber	Heavy including Boards under 2"	Heavy Planks 2" and over	Light Pine and Spruce Planks 2" and over	Percentage Increases		
				Heavy under 2"	Heavy 2" and over	Light 2" and over
1913.....	25	21½	27			
1920.....	100	100	122	300	365	352
1921.....	60	60	75	140	179	178
1922.....	30	30	40	20	40	48
1923.....	30	30	40	20	40	48
1924.....	35	35	45	40	63	67

List No. 2

	Rate	Increase	Rate, 1913	Percentage Increase
	\$ cts.			%
Agricultural Implements, per cu. ft.				
1919-1920.....	0 50	39	11 Page 310, Class 5, 17/6 and 5%, not in Commodity List.	355
1921-1922.....	0 35	24	11	218
1923.....	0 15	4	11	36
1924.....	0 25	14	11	127
Apples, Evaporated—				
1919-1920.....	1 00	80	20 Page 311, Dried Fruits, 20c...	400
1921-1922.....	0 75	55	20	275
1923-1924.....	0 50	30	20	150
Asbestos Fibre—				
1919-1920.....	1 25	100	25 Page 310, up to 70 feet 20c., over 70-90, 25c., over 90 feet, 30c.	400
1921.....	0 75	50	25	200
1922.....	0 60	35	25	140
1923.....	0 50	25	25	100
1924.....	0 60	35	25	140

OCEAN RATES

V

LIST No. 2—Continued

	Rate	Increase	Rate, 1913	Percentage Increase
	\$ cts.			%
Automobiles, per cu. ft.—				
1919-1920.....	0 65	49	16 Page 310, Class 5, 25/ and 5%, 16c. cu. ft.	306
1921.....	0 40	24	16	150
1922.....	0 35	19	16	119
1923.....	0 15	1	16	6
1924.....	0 25	9	16	56
Canned Goods—				
1919-1920.....	1 00	71½	28½	279
1921.....	0 75	46½	28½	163
1922.....	0 60	31½	28½	111
1923.....	0 40	11½	28½	40
1924.....	0 50	21½	28½	75
Fruit Dried—				
Boxes or Cases—				
1919-1920.....	1 00	80	20 Page 311, 20c. per 100.....	400
1921-1922.....	0 75	55	20	275
1923-1924.....	0 50	30	20	150
Handles, Straight—				
1919-1920.....	1 00	78	22 Page 414, 22c.....	355
1921.....	0 75	53	22	241
1922.....	0 65	43	22	195
1923-1924.....	0 40	18	22	82
Handles "D"—				
1919-1920.....	1 25	93	32 Page 414, 32c.....	291
1921.....	0 85	53	32	166
1922.....	0 75	43	32	134
1923-1924.....	0 40	8	32	25
Hair, Hog—				
1919.....	2 50	204½	45½ Page 316, Hog Hair, 40 and 5%, Weight 45½c.	449
1920.....	2 00	155½	45½	342
1921.....	1 25	79½	45½	175
1922.....	1 00	54½	45½	120
1923.....	0 75	29½	45½	65
1924.....	1 00	54½	45½	120
Hops, Warehouse Delivery—				
1919-1920.....	3 00	211	89 Page 316, Hops, 89c. per 100..	237
1921.....	2 25	136	89	153
1922.....	1 90	101	89	113
1923.....	1 65	76	89	85
1924.....	1 65	76	89	85
Leather, Sole—				
1919-1920.....	2 50	216	34 Page 329, Page 376, Leather, Sole, 30/ and 5% Weight 34c.	635
1921.....	2 00	166	34	488
1922.....	1 00	66	34	194
1923.....	0 76	41	34	121
1924.....	0 85	51	34	150
Oil Cake—				
1919.....	1 00	81	19	426
1920.....	0 65	46	19	242
1921.....	0 32	13	19	68
1922.....	0 20	1	19	5
1923.....	0 19	0	19	0
1924.....	0 19	0	19	0
Peas, Split—				
1919-1920.....	1 00	79	21 Page 317, Peas, Split, 2c. over Flour rate 1913.	376
1921.....	0 50	29	21	138
1922.....	0 75	54	21	257
1923.....	0 50	29	21	138
1924.....	0 50	29	21	138

SPECIAL COMMITTEE

LIST No. 2—Concluded

	Rate	Increase	Rate, 1913	Percentage Increase
	\$ cts.			%
Soap and Soap Stock in Brls.—				
1919-1920.....	1 00	75½	24½ Page 317, 24½c. 1913.....	308
1921.....	0 75	50½	24½	206
1922.....	0 45	20½	24½	84
1923.....	0 40	15½	24½	63
1924.....	0 50	25½	24½	104
Woodpulp Cases—				
1919-1920.....	1 00	80	20 5th Class Page 315, 20c. per 100	400
1921-1922.....	0 75	55	20	275
1923.....	0 40	20	20	100
1924.....	0 50	30	20	150
Tires, Rubber, per cu. ft.—				
1919-1920.....	0 50	34	16 Tires 9th Class, Page 315, 25/ and 5%, 16c. per cu. ft.	213
1921.....	0 45	29	16	181
1922.....	0 40	24	16	150
1923.....	0 20	4	16	25
1924.....	0 25	9	16	56
Tobacco, Leaf, in hogsheads includ- ing warehouse delivery—				
1919.....	2 00	163	37 Page 318, 37c. per 100.....	441
1920.....	1 50	113	37	305
1921.....	1 00	63	37	170
1922.....	0 80	43	37	116
1923.....	0 50	13	37	35
1924.....	0 65	28	37	76
Tobacco, Manufactured in cases—				
1919-1920.....	0 50	36	14 Class 7, Page 315, 22/6 and 5%, 14c. per cu. ft.	257
1921-1922.....	0 50	26	14	186
1923.....	0 30	16	14	114
1924.....	0 40	26	14	186

EXTRACT FROM COMMODITY LISTS 10-20 JAN. 9, 1920—OCT. 8, 1922. "COMMODITIES NOT ENUMERATED TAKE RATE OF"

EXHIBIT NO. 24

Organs		Page	Cents per 100 lbs.	Cents per cubic feet			
					Commodity List No. 10		
1920							
Jan.	9	454	100	50			10
Mar.	3	460	100	50	"	"	11
Mar.	16	468	100	50	"	"	12
May	7	488	100	50	"	"	13
Oct.	8	508	100	50	"	"	14
1921							
Jan.	12	517	100	50	"	"	15
Feb.	9	532	75	40	"	"	16
April	14	553	85	45	"	"	17
July	9	594	85	45	"	"	18
Dec.	28	639	75	40	"	"	19
1922							
May	26	680	75	40	"	"	20
ORGANS—House, Complete							
Oct.	19	740		25	"	"	21
1923							
Mar.	10	774		25	"	"	22
June	27	809		25	"	"	23
Nov.	10	826		25	"	"	24
Dec.		862		30	"	"	25
1924							
May	27	900		30	"	"	26
Sept.	30	929		30	"	"	27
ORGANS							

Organ, House	Per cubic feet rate	Increase	Rate, 1913	Percentage Increase
1919, 1920	50	42	8	525
1921	45	37	8	463
1922	40	32	8	400
1923	25	17	8	213
1924	30	22	8	275

EXHIBIT No. 89

TRANSATLANTIC LINER SAILINGS

BOSTON

1894

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Angloman.....		3,082	10	30,820
British Empire.....		1,971	9	17,739
Borderer.....			8	
Bostonian.....		2,925	10	29,250
British Queen.....		2,838	8	22,704
Buffalo.....		2,909	5	14,545
Bothnia.....	Cunard.....	2,923	3	8,769
Buenos Ayrean.....		2,560	1	2,560
Bretwalda.....		1,902	1	1,902
Cambroman.....		3,100	11	34,100
Columbian.....		3,323	11	36,553
Colorado.....		2,787	3	8,361
Cephalonia.....	Cunard.....	3,490	10	34,900
Catalonia.....	Cunard.....	3,093	9	27,837
Carthiginian.....		2,755	2	5,510
Carlisle City.....		1,910	5	9,550
Carlisle City.....		1,910	1	1,910
Durham City.....		2,037	6	12,222
Feliciana.....		1,928	1	1,928
Francisco.....		2,992	8	23,936
Farrington.....		2,672	1	2,672
Georgian.....		3,318	11	36,498
Galileo.....		2,011	5	10,055
Gallia.....	Cunard.....	2,898	3	8,694
Hirberbian.....		1,888	1	1,888
Kansas.....		3,455	10	34,550
Lake Ontario.....		2,781	3	8,343
Lake Superior.....		2,914	2	5,828
Lancastrian.....		3,348	10	33,480
Lake Nepigone.....		1,408	1	1,408
Lake Winnipeg.....		2,157	2	4,314
Michigan.....		3,212	10	32,120
Milanese.....		1,635	2	3,270
Mentmore.....		2,231	1	2,231
Martello.....		2,439	1	2,439
Meimac.....		1,621	2	3,242
Meimac.....		1,621	1	1,621
Norseman.....		2,876	10	28,760
Nessmore.....		2,216	8	17,728
Nestorian.....		1,719	2	3,438
O'homan.....		3,051	7	21,357
Oranmore.....		2,215	8	17,720
Ottoman.....		3,093	4	12,372
Pavonia.....	Cunard.....	3,490	10	34,900
Palestine.....		2,128	5	10,640
Philadelphian.....		3,349	10	33,490
Pomeranian.....		2,795	2	5,590
Prussian.....		1,940	5	9,700
Parkmore.....		2,161	1	2,161
Ripon City.....		1,384	1	1,384
Roman.....		2,827	10	28,270
Sagamore.....		3,293	10	32,930
Sarmatian.....		2,504	3	7,512
Sachem.....		3,337	10	33,370
Stockholm City.....		1,759	3	5,277
Sydenholm City.....		1,544	1	1,544
Scandinavian.....		1,967	6	11,802
Scythia.....	Cunard.....	2,907	4	11,628
St. Ronans.....		2,916	5	14,580
St. Ronans.....		2,916	1	2,916
Tynedale.....		1,391	1	1,391
Venetian.....		2,672	7	18,704
Virginian.....		2,636	4	10,544
			326	897,457

TRANSATLANTIC LINER SAILINGS

BOSTON

1902

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Anglian.....	Leyland.....	3,613	9	32,517
Austrian.....	.....	1,638	5	8,190
Armenian.....	.....	5,754	5	28,770
Adra.....	.....	1,804	1	1,804
Bostonian.....	Leyland.....	3,030	9	27,270
Buffalo.....	.....	2,909	2	5,818
Buenos Ayrean.....	.....	2,648	2	5,296
Brazilian.....	.....	1,916	1	1,916
Cestrian.....	Leyland.....	5,753	5	28,765
Cambrian.....	Leyland.....	3,643	10	36,430
Columbian.....	.....	3,323	9	29,907
Caledonian.....	Leyland.....	3,212	6	19,272
Colorado.....	.....	2,786	3	8,358
Consuelo.....	.....	3,960	7	27,720
Corean.....	.....	2,208	2	4,416
Commonwealth.....	Dominion.....	7,707	8	62,656
Chicago.....	.....	4,135	4	16,540
Devonian.....	Leyland.....	6,823	10	68,330
Exeter City.....	.....	1,408	1	1,408
Englishman.....	.....	4,708	1	4,708
Hevelva.....	.....	1,691	1	1,691
Hanoverian.....	.....	7,707	3	23,121
Irishman.....	.....	6,158	1	6,158
Iberian.....	Leyland.....	3,347	4	13,388
Ivernian.....	Cunard.....	9,052	11	99,572
Inchdune.....	.....	2,636	1	2,636
Iowa.....	.....	5,361	1	5,361
Ikbai.....	.....	3,490	1	3,490
Kansas.....	.....	3,367	7	23,569
Kingstonian.....	.....	4,207	4	16,828
Lancastrian.....	Leyland.....	3,321	6	19,926
Iivonian.....	.....	2,594	2	5,188
Lamelwood.....	.....	1,595	1	1,595
Merion.....	.....	7,459	10	74,590
Manxman.....	.....	3,122	1	3,122
Michigan.....	.....	3,150	6	18,900
Ottoman.....	.....	3,010	1	3,010
Philadelphian.....	.....	3,322	5	16,610
Pomeranian.....	.....	2,700	3	8,100
Roman.....	.....	2,848	1	2,848
Sagamore.....	.....	3,280	10	32,800
Sardinian.....	Allan.....	2,788	2	5,576
Sachem.....	Warren.....	3,337	10	33,370
Sylvania.....	Cunard.....	3,623	8	28,984
Sarmatian.....	Allan.....	2,431	1	2,431
Saxonia.....	Cunard.....	9,100	8	72,800
Siberian.....	Allan.....	2,454	1	2,454
Turcoman.....	.....	3,683	1	3,683
Toronto.....	.....	3,949	7	27,643
Ultonia.....	Cunard.....	5,748	11	63,228
Virginian.....	.....	3,166	5	15,830
Vancouver.....	.....	3,424	1	3,424
Victorian.....	.....	5,753	2	11,506
Winifredian.....	.....	6,816	5	34,080
			242	1,106,503

SPECIAL COMMITTEE

TRANSATLANTIC LINER SAILINGS, BOSTON, 1924

BOSTON

Steamer	Line	Net Registered Tonnage	Number Arrivals	Totals
Ausonia.....	Cunard.....	8,527	3	25,581
Barbadian.....	Leyland.....	3,266	3	9,798
Blair.....	Oriole.....	3,070	1	3,070
Barrymore.....	Furness.....	4,179	2	8,358
Caledonian.....	Leyland.....	3,210	2	6,420
Colonian.....	Leyland.....	4,230	2	8,460
Chichasaw.....	U S S B.....	3,023	2	6,046
Conehatta.....	U S S B.....	3,452	1	3,452
Canadian Cruiser.....	Patterson Wylde Co.....	4,413	1	4,413
Canadian Constructor.....	Patterson Wylde Co.....	4,413	1	4,413
Capulin.....	U S S B.....	3,407	4	13,628
City of Flint.....	U S S B.....	3,033	1	3,033
Columbia.....	Anchor.....	4,222	1	4,222
Coracero.....	Cunard.....	5,274	1	5,274
Darian.....	Leyland.....	4,065	4	16,260
Daytonian.....	Leyland.....	4,066	6	24,396
Digby.....	Furness.....	2,150	3	6,480
Davisian.....	Leyland.....	4,065	6	24,390
Devonian.....	Leyland.....	7,693	6	46,258
Deer Lodge.....	U S S B.....	3,903	3	11,709
Deililian.....	Leyland.....	4,064	1	4,064
Fluor Spar.....	U S S B.....	3,434	3	10,302
Galtymore.....	Furness.....	2,802	7	19,614
Gracia.....	Anchor Donaldson.....	3,537	1	3,537
Hoosac.....	Furness.....	4,153	3	12,459
London Corporation.....	Furness.....	4,153	1	4,153
Lehigh.....	U S S B.....	3,127	3	9,381
Mississippi.....	Leyland.....	2,936	4	11,744
Maryland.....	Leyland.....	2,962	4	11,848
Mercian.....	Leyland.....	4,066	1	4,066
Mahana.....	Leyland.....	7,509	1	7,509
Menominee.....	Leyland.....	4,441	2	8,882
Missouri.....	Leyland.....	2,949	1	2,949
Nitonian.....	Leyland.....	4,066	1	4,066
Nevisian.....	Leyland.....	4,097	1	4,097
Nortonian.....	Leyland.....	4,097	1	4,097
Norwegian.....	Leyland.....	4,018	1	4,018
Nessian.....	Leyland.....	4,012	1	4,012
Novian.....	Leyland.....	4,096	2	8,192
Nubian.....	Leyland.....	4,067	2	8,134
Port Sydney.....	Cunard.....	5,835	1	5,835
Port Hunter.....	Cunard.....	5,296	1	5,296
Rexmore.....	Furness.....	4,134	2	8,268
Sagaporack.....	U S S B.....	3,101	4	12,404
Sachem.....	Furness.....	3,429	5	17,145
Schoharie.....	U S S B.....	3,070	1	3,070
Scythia.....	Cunard.....	11,938	7	83,566
Samaria.....	Cunard.....	11,868	6	71,196
Savannah.....	Furness.....	3,214	2	6,428
Vellavia.....	Cunard.....	3,195	1	3,195
Verentia.....	Cunard.....	3,152	1	3,152
Virgilia.....	Cunard.....	3,619	1	3,619
Vasconia.....	Cunard.....	3,613	3	10,839
Verbania.....	Cunard.....	3,180	1	3,180
Valemore.....	Furness.....	4,196	2	8,392
Winifredian.....	Leyland.....	6,812	6	40,872
Welshman.....	Leyland.....	3,670	1	3,670
West Quechee.....	U S S B.....	3,539	5	17,695
West Cobalt.....	U S S B.....	3,552	2	7,104
West Celina.....	U S S B.....	3,838	3	11,514
West Cohas.....	U S S B.....	3,465	4	13,860
West Nosska.....	U S S B.....	3,438	4	13,752
West Lake.....	U S S B.....	4,101	3	12,303
West Madaket.....	U S S B.....	4,679	1	4,679
Waiwera.....	U S S B.....	3,775	1	3,775
			162	757,494

NOTE.—U S S B services to Liverpool and Manchester maintained by the Oriole Line. To London by the American Merchant Lines.

OCEAN RATES

xi

FROM PORT WARDEN'S RECORDS, MONTREAL—TRANSATLANTIC LINER
SAILINGS, MONTREAL

YEAR 1894

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Austrion.....	Allan.....	1,681	6	10,086
Anvers.....	McLean Kennedy.....	1,996	3	5,988
Amarynthia.....	Donaldson.....	2,595	5	12,975
Aolona.....	Thomson.....	1,194	3	3,582
Assyrian.....	Allan.....	2,501	5	12,505
Alcides.....	Donaldson.....	2,193	5	10,965
Baumwall.....	Hamburg Amer.....	1,865	4	7,460
Baltimore.....	Wm. Johnstone & Co.....	2,458	6	14,748
Brazillian.....	Allan.....	2,085	5	10,425
Bruxelles.....	McLean Kennedy.....	1,847	3	5,541
Buenes Ayrean.....	Allan.....	2,560	6	15,360
Bengore Head.....	McLean Kennedy.....	1,619	4	6,476
Barrowmore.....	Wm. Johnstone.....	2,453	5	12,265
Concordia.....	Donaldson.....	1,616	4	6,464
Dominion.....	Dominion.....	2,031	6	12,186
Dracona.....	Thomson.....	1,198	3	3,594
Dunmore Head.....	McLean Kennedy.....	1,447	3	4,341
Escalona.....	Thomson.....	1,234	4	4,936
Fremona.....	Thomson.....	1,840	5	9,200
Gerona.....	Thomson.....	2,025	5	10,125
Greta Holme.....	McLean Kennedy.....	1,678	3	5,034
Hestia.....	Donaldson.....	2,434	6	14,604
Hibernian.....	Allan.....	1,872	4	7,488
Hamilton.....	Dominion.....	2,354	5	11,770
Hurona.....	Thomson.....	2,150	5	10,750
Lake Huron.....	Beaver Line.....	2,576	6	15,456
Lake Ontario.....	Beaver Line.....	2,741	6	16,446
Laurention.....	Allan.....	2,837	5	14,185
Lake Negion.....	Beaver Line.....	1,408	2	2,816
Lake Superior.....	Beaver Line.....	2,789	5	13,945
Lake Winnipeg.....	Beaver Line.....	2,106	5	10,530
Labrador.....	Dominion.....	2,998	5	14,990
Mariposa.....	Elder-Dempster.....	3,428	5	17,140
Memphis.....	Dominion.....	2,053	5	10,265
Memnon.....	Elder-Dempster.....	2,046	2	4,092
Mongolian.....	Allan.....	3,136	6	18,816
Merrimac.....	Elder-Dempster.....	2,695	3	8,085
Monte Videon.....	Allan.....	2,008	5	10,040
Mexico.....	Dominion.....	2,055	5	10,275
Numidian.....	Allan.....	3,156	5	15,780
Oregon.....	Dominion.....	2,373	6	14,238
Parkmore.....	Wm. Johnstone.....	2,136	5	10,680
Pickhuben.....	Hamburg Amer.....	2,085	3	6,255
Pomeranian.....	Allan.....	2,789	6	16,734
Parisian.....	Allan.....	3,262	6	19,572
Ripon City.....	McLean Kennedy.....	1,384	4	5,536
Rasarian.....	Allan.....	2,007	6	12,042
Samaritanian.....	Allan.....	2,485	6	14,910
Sardinian.....	Allan.....	2,517	5	12,585
Sicilia.....	McLean Kennedy.....	1,349	1	1,349
Stunhoft.....	Hamburg Amer.....	1,809	2	3,618
Sainia.....	Dominion.....	2,400	5	12,000
State of Georgia.....	McLean Kennedy.....	1,619	5	8,095
Strts of Magellan.....	McLean Kennedy.....	1,656	2	3,312
Storm King.....	Riss Line.....	2,123	4	8,492
Stubbenhuk.....	Hamburg Amer.....	2,231	3	6,693
Toronto.....	Dominion.....	2,166	6	12,996
Tritonia.....	Donaldson.....	2,719	6	16,314
Texas.....	Dominion.....	1,833	1	1,833
Feelin Head.....	McLean Kennedy.....	1,070	4	4,280
Virginian.....	Elder-Dempster.....	2,636	2	5,272
Vancouver.....	Dominion.....	3,400	6	20,400
Warwick.....	Donaldson.....	1,648	5	8,240
Wandrahm.....	Hamburg Amer.....	1,722	3	5,166
Canadian.....	Allan.....	1,871	2	3,742
Etolia.....	McLean Kennedy.....	2,113	2	4,226
Mentmore.....	Johnston.....	2,230	1	2,230
Sicilia.....	James Thom.....	1,939	1	1,939
			291	654,478

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL
TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1902

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Anatolia.....	Ellerman.....	2,490	2	4,980
Alcides.....	Donaldson.....	2,181	5	10,905
Alexandrian.....	F. Leyland & Co.....	2,899	2	5,798
Austriana.....	Furness Withy.....	2,612	1	2,612
Ashanti.....	Elder Dempster.....	2,186	1	2,186
Bellona.....	Thomson.....	1,864	4	7,456
Brazilian.....	Allan.....	1,916	5	9,580
Belgian.....	Ellerman.....	2,364	3	7,092
Bray Head.....	McLean Kennedy.....	2,020	1	2,020
Bavarian.....	Allan.....	6,725	1	6,725
Cervona.....	Thomson.....	2,372	5	11,860
City of Bombay.....	Ellerman.....	2,941	1	2,941
Concordia.....	Donaldson.....	1,617	4	6,468
Corrigan Head.....	McLean Kennedy.....	2,717	1	2,717
Corinthian.....	Allan.....	4,018	3	12,054
Dunmore Head.....	McLean Kennedy.....	1,458	3	4,374
Dominion.....	Dominion.....	4,251	2	8,502
Devona.....	Thomson.....	2,372	4	9,488
Escalona.....	Thomson.....	1,175	3	3,525
Fremona.....	Thomson.....	1,876	5	9,380
Frisia.....	Furness Withy.....	2,412	4	9,648
Gulf of Aneud.....	Furness Withy.....	1,699	2	3,398
Hurona.....	Thomson.....	2,150	5	10,750
Hestia.....	Donaldson.....	2,434	1	2,434
Inishowen Head.....	McLean Kennedy.....	1,988	4	7,952
Inkum.....	Furness Withy.....	3,074	2	6,148
Ionian.....	Allan.....	5,337	1	5,337
Iona.....	Thomson.....	2,085	5	10,425
Indiana.....	Furness Withy.....	2,508	3	7,524
Kildona.....	Thomson.....	2,349	4	9,396
Kastalia.....	Donaldson.....	2,562	5	12,810
Lake Simcoe.....	Elder Dempster.....	2,864	5	14,320
Lake Manitoba.....	Elder Dempster.....	5,705	3	17,115
Lakonia.....	Donaldson.....	3,046	5	15,230
Ivonian.....	Allan.....	2,593	1	2,593
Iycia.....	Elder Dempster.....	2,117	5	10,585
Lake Champlain.....	Elder Dempster.....	4,687	6	28,122
Lord Charlemont.....	Lord Line.....	2,059	2	4,118
Loango.....	Elder Dempster.....	1,933	2	3,866
Lake Ontario.....	Elder Dempster.....	2,741	6	16,446
Lorne.....	.....	2,010	1	2,010
Lake Megantic.....	Elder Dempster.....	3,243	5	16,215
Lake Erie.....	Elder Dempster.....	4,814	4	19,256
Malin Head.....	McLean Kennedy.....	2,227	3	6,681
Monte Videau.....	Allan.....	1,861	6	11,166
Manchester Commerce.....	Furness Withy.....	3,444	6	20,664
Memnon.....	Elder Dempster.....	2,046	5	10,230
Marina.....	Donaldson.....	3,322	6	13,932
Montcalm.....	Elder Dempster.....	3,508	5	17,540
Manchester Shipper.....	Franco Canadian.....	2,542	3	7,626
Manxman.....	Dominion.....	3,122	6	18,732
Manchester City.....	Furness Withy.....	3,727	5	18,635
Montfort.....	Elder Dempster.....	4,631	6	27,786
Manchester Importer.....	Furness Withy.....	2,538	4	10,152
Monteagle.....	Elder Dempster.....	3,492	4	13,968
Mexicon.....	Ellerman.....	2,728	3	8,184
Milwaukee.....	Elder Dempster.....	4,784	3	14,352
Melville.....	Elder Dempster.....	2,838	3	8,514
Mongolian.....	Allan Line.....	3,088	2	6,176
Montezuma.....	Elder Dempster.....	4,734	2	9,468
Monterey.....	Elder Dempster.....	3,489	3	10,467
Montreal.....	Elder Dempster.....	4,454	2	8,908
Monmouth.....	Elder Dempster.....	2,569	1	2,569
Numidian.....	Allan Line.....	3,107	4	12,428
Norwegian.....	Allan.....	2,252	2	4,504
Orcadian.....	Allan.....	2,232	5	11,160
Ontarian.....	Allan.....	2,779	3	8,337

TRANSATLANTIC LINER SAILINGS, MONTREAL—*Concluded*

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total
Odonian.....	Dominion.....	3,010	3	9,030
Parisian.....	Allan.....	3,385	6	20,310
Pretorian.....	Allan.....	3,910	6	23,460
Pomeranian.....	Allan.....	2,699	5	13,495
Potomac.....	Furness Withy.....	2,355	3	7,065
Polaria.....	Furness Withy.....	1,976	1	1,976
Philadelphiar.....	Ellerman.....	3,322	1	3,322
Roman.....	Dominion.....	2,848	7	19,936
Rosarian.....	Allan.....	1,860	5	9,300
Roman Head.....	McLean Kennedy.....	2,913	4	11,652
Rodney.....	Can. Fwdg. & Exp. Co..	2,239	2	4,478
Rathlin Head.....	McLean Kennedy.....	4,368	2	8,736
Sarmatian.....	Allan.....	2,430	6	14,580
Sardonian.....	Allan.....	2,788	3	8,364
Sicilian.....	Allan.....	3,970	4	15,880
Skuld.....	Can. Fwdg. & Exp. Co..	1,698	2	3,396
Tunisian.....	Allan.....	6,802	6	40,812
Tiger.....	Can. Fwdg. & Exp. Co..	2,116	4	8,464
Tritonia.....	Donaldson.....	2,720	5	13,600
Teutonia.....	Furness Withy Co.....	1,962	4	7,848
Torr Head.....	McLean Kennedy.....	3,868	1	3,868
Virginian.....	Ellerman.....	3,166	1	3,166
Westphalia.....	Furness Withy.....	1,976	4	7,904
Yomba.....	Elder Dempster.....	1,937	2	3,874
Yola.....	Elder Dempster.....	2,246	1	2,246
			317	921,302

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL

TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Andania.....	Cunard.....	8,391	6	50,346
Antonia.....	".....	8,445	6	50,670
Ariano.....	Furness Withy.....	3,124	4	12,496
Ausonia.....	Cunard.....	8,527	6	51,162
Athenia.....	Anchor-Donaldson.....	8,118	8	64,944
Atholl.....	New Zealand Shipping..	3,031	1	3,031
Arkansas.....	Scandinavian Amer.....	2,303	2	4,606
Austerlind.....	New Zealand Shipping..	2,733	1	2,733
Alconda.....	Cunard Steam Ship Co..	2,695	1	2,695
Botsford.....	Canadian Pacific Steam-ships.....	2,905	5	14,523
Bothwell.....	".....	4,095	5	20,465
Bosworth.....	".....	4,139	4	16,556
Bolingbroke.....	".....	4,145	4	16,580
Brand County.....	Intercontinental Trans-ports.....	3,130	5	15,650
Bawtry.....	Canadian Pacific S. S... ..	4,228	2	8,456
Berwyn.....	".....	3,058	4	12,232
Brecon.....	".....	4,157	4	16,628
Brandon.....	".....	4,154	5	20,770
Borden.....	".....	3,042	2	6,084
Balfour.....	".....	3,187	5	15,935
Buteshie.....	Cunard Steam Ship Co., Ltd.....	4,162	3	12,486
Canadian Britisher.....	Canadian Govt. M. M... ..	3,244	1	3,244
Canadian Carrier.....	".....	1,909	4	7,636
Canadian Challenger.....	".....	3,331	1	3,331

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL
TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Canadian Commander.....	" "	3,340	4	13,360
Canadian Conqueror.....	" "	3,336	4	13,344
Canadian Constructor.....	" "	4,413	2	8,826
Canadian Cruiser.....	" "	4,413	2	8,826
Canadian Explorer.....	" "	3,321	4	13,284
Canadian Fisher.....	" "	2,200	5	11,000
Canadian Forester.....	" "	2,192	5	10,960
Canadian Inventor.....	" "	3,384	3	10,152
Canadian Leader.....	" "	3,340	3	10,020
Canadian Mariner.....	" "	3,333	4	13,332
Canadian Miller.....	" "	3,336	1	3,336
Canadian Navigator.....	" "	1,929	4	7,716
Canadian Otter.....	" "	1,887	4	7,548
Canadian Pioneer.....	" "	3,549	3	10,647
Canadian Ranger.....	" "	3,551	3	10,653
Canadian Runner.....	" "	1,812	4	7,248
Canadian Scottish.....	" "	3,242	1	3,242
Canadian Seigneur.....	" "	3,554	2	7,108
Canadian Spinner.....	" "	3,331	1	3,331
Canadian Squatter.....	" "	1,900	3	5,700
Canadian Victor.....	" "	3,340	4	13,360
Canadian Winner.....	" "	3,357	1	3,357
Canadian Traveller.....	" "	3,361	1	3,361
Cabotia.....	Anchor-Donaldson Line.	3,122	5	15,610
Cairndhu.....	Thomson.....	3,218	3	9,654
Cairngowan.....	" "	3,257	3	9,771
Cairnmona.....	" "	3,700	5	18,500
Cairnross.....	" "	3,262	6	19,572
Cairnavon.....	" "	3,171	2	6,342
Cairnvalona.....	" "	2,937	5	14,685
Carrigan Head.....	McLean Kennedy.....	2,715	2	5,430
Calgary.....	Elder Dempster.....	4,486	1	4,486
Cassandra.....	Anchor-Donaldson.....	3,221	5	26,105
Canada.....	White Star.....	5,981	8	47,848
Caledonian.....	" "	3,210	4	12,840
Cornish Point.....	Furness Withy.....	2,706	2	5,412
Cornishman.....	White Star.....	3,677	5	18,385
Concordia.....	Anchor-Donaldson.....	3,418	5	17,090
Cominoo.....	Furness Withy.....	2,932	4	11,728
Colonian.....	White Star.....	4,230	5	21,150
Coracero.....	Cunard Steam Ship Co., Ltd.	4,533	3	13,599
Cairntorr.....	Thomson.....	3,206	5	16,030
Cochrane.....	Elder Dempster.....	4,485	2	8,970
Calumet.....	" "	4,462	1	4,462
City of Exeter.....	White Star.....	6,022	1	6,022
Cederic.....	Intercontinental Trans..	3,061	4	12,244
Cariboo.....	Elder Dempster.....	4,463	1	4,463
Dunoff Head.....	Head Line.....	3,278	1	3,278
Doric.....	White Star.....	9,870	8	78,960
Delaware.....	Scandinavian American..	1,538	2	3,076
Essex County.....	Intercontinental Trans..	2,828	4	11,312
Fanad Head.....	Head Line.....	3,285	3	9,855
Grey County.....	Intercontinental Trans..	2,967	5	14,835
Gracia.....	Cunard Steam Ship Co., Ltd.	3,537	7	24,759
Gunnar Heiberg.....	Intercontinental Trans..	1,550	1	1,550
Halesius.....	Houston Line.....	2,903	1	2,930
Hastings County.....	Intercontinental Trans..	2,595	5	12,975
Hypatia.....	Houston Line.....	3,589	1	3,589
Honorius.....	" "	2,126	1	2,126
Jebba.....	Elder Dempster.....	4,278	1	4,278
Kinbone Head.....	Head Line.....	3,269	2	6,538
Kastalia.....	Anchor-Donaldson.....	2,886	6	17,316
Kentucky.....	Scandinavian American..	1,318	1	1,318
Lisgar County.....	Intercontinental Trans..	1,805	2	3,610
Lord Antrim.....	Lord Line.....	2,754	2	5,508
Lord Downshire.....	" "	3,037	1	3,037
Lord Londonderry.....	" "	3,630	1	3,630

May 7, 1925

FROM PORT WARDEN'S RECORDS, MONTREAL
TRANSATLANTIC LINER SAILINGS, MONTREAL

YEAR 1924

Steamer	Line	Net Registered Tonnage	Number Arrivals	Total Tonnage
Manchester Brigade.....	Manchester Line.....	3,771	5	18,855
Manchester Corporation.....	".....	3,479	4	13,916
Manchester Division.....	".....	3,774	4	15,096
Manchester Hero.....	".....	3,672	4	14,688
Manchester Importer.....	".....	2,538	4	10,152
Manchester Producer.....	".....	4,178	4	16,712
Manchester Regiment.....	".....	4,948	4	19,792
Manchester Spinner.....	".....	2,968	1	2,968
Melmore Head.....	Head Line.....	3,328	2	6,656
Melita.....	Canadian Pacific S. S....	8,525	8	68,200
Megantic.....	White Star.....	9,183	7	64,281
Metagama.....	Canadian Pacific S. S....	7,655	5	38,275
Minnedosa.....	".....	8,521	8	68,168
Manchester Regiment.....	Furness Withy.....	4,948	4	19,792
Montcalm.....	Canadian Pacific S. S....	9,789	8	78,312
Montcalre.....	".....	9,724	7	68,068
Montrose.....	".....	9,823	8	78,584
Montreal.....	".....	5,611	7	39,277
Marburn.....	".....	6,631	5	33,155
Marloch.....	".....	6,473	8	51,784
Michigan.....	White Star.....	6,118	1	6,118
Monarch.....	Elder Dempster.....	4,824	1	4,824
New Mexico.....	".....	4,044	1	4,044
Norefjord.....	Canadian Pacific S. S....	1,918	2	3,836
Oxonian.....	White Star.....	4,123	4	16,492
Porsanger.....	Intercontinental Trans..	2,613	4	10,452
Parthenia.....	Anchor-Donaldson.....	3,063	5	13,315
Regina.....	White Star.....	9,874	7	69,118
Regja.....	Intercontinental Trans..	2,146	4	8,584
Saturnia.....	Anchor-Donaldson.....	5,494	7	38,458
Turcoman.....	White Star.....	5,633	5	18,415
Valacia.....	Cunard Steamship Co., Ltd.....	4,100	1	4,100
Vellavia.....	".....	3,195	1	3,195
Verbania.....	".....	3,180	1	3,180
Verentia.....	".....	3,152	1	3,152
Virginia.....	Scandinavian America..	2,365	1	2,365
Virgilia.....	Cunard Steam Ship Co.	3,619	2	7,238
Vardulia.....	".....	3,613	2	7,226
Vasconia.....	".....	3,613	3	10,839
Vardulia.....	".....	3,613	1	3,613
Welshman.....	White Star.....	3,670	5	18,350
Welland County.....	Intercontinental Trans..	2,717	5	13,585
			470	2,177,053

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

THURSDAY, May 28, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum and the Committee will please come to order. Have Counsel any applications?

Mr. SYMINGTON, K.C.: Mr. Chairman, I had prepared a comparison of rates and rate increases, which has been presented to the shipping companies' representatives. They have checked and approved the rates. They did not have time to check the percentages, as I understand it, but we are quite prepared to take the responsibility for the percentages. The rates, in any event, are correct, and I think this is information which should be printed in the record, because it is taken from Mr. Marlow's exhibit No. 53, some of the other principal commodities added, and shows what the rates were in 1913, and then from 1919 to 1924, with the increases thereon. I would ask that this be filed and printed in the record. As I say, these figures have all been approved by Mr. Marlow.

The CHAIRMAN: It would appear to me there is no objection, and it would be of very great value to have printed in the record. Am I right, Mr. Montgomery, in thinking there is no objection to this?

Mr. MONTGOMERY, K.C.: I have just seen this for the first time.

Mr. SYMINGTON, K.C.: They have been in the hands of his friends for a week.

EXHIBIT 88: Comparison of rates and rate increases 1913 and 1919 to 1924.

Mr. MONTGOMERY, K.C.: I suppose I can check this over later; in the meantime, it can go in.

The CHAIRMAN: I will order this to be printed.

Mr. SYMINGTON, K.C.: I have also had prepared, sir, a statement of comparisons of westbound rates. The gentleman who was to check this over has not arrived, but it is to be checked and filed this afternoon.

The CHAIRMAN: Just before we begin the examination of witnesses, may I say that Colonel Gear has handed to me six documents; three of them refer to the steamers and their tonnage trading out of Boston—the steamers being trans-Atlantic liners—for the years 1894, 1902, 1924. Similar information concerning the same years of trans-Atlantic liners trading out of the port of Montreal comprise the other three. Colonel Gear has handed me these in response to my inquiry as to the quantity and quality of the services provided in pre-Conference times, Boston as compared to Montreal, in respect to the liner services connected with these two ports. I will put these in, but I do not know whether they should be printed or not.

Hon. Mr. SINCLAIR: Put them all in the record.

The CHAIRMAN: The object of my question was to verify or disprove the contention that without the Conference system regular liner sailings were, if not impossible, less likely to obtain.

Exhibit 89: Comparison of steamers and tonnage between ports of Montreal and Boston to U.K., 1894, 1902, and 1924.

The CHAIRMAN: I think these had better be printed.

Mr. SYMINGTON, K.C.: Mr. Egan, I understand has a few words he wants to say to the Committee.

The CHAIRMAN: Mr. Egan, the Deputy Minister of Immigration and Colonization.

Hon. Mr. STEVENS: Just before that, Mr. Chairman, may I ask Mr. Symington why grain is not shown in this (indicating Exhibit 88)?

Mr. SYMINGTON, K.C.: The rates on grain have all been put in by the other side.

Hon. Mr. STEVENS: Why should not grain be included? You have flour.

Mr. SYMINGTON, K.C.: The grain figures are all in.

Mr. MONTGOMERY, K.C.: That will apply to half the commodities. You might say "the grain is all in," "the cattle are all in," "lumber is all in," etc. That would not be an answer to your question in regard to any commodity. I hope they have not picked out simply the high-class commodities for the purpose of this statement.

Mr. SYMINGTON, K.C.: We took Mr. Marlow's Exhibit 53, which did not show the rates for 1913; it was put in to show the reduction on commodities from 1919 on, and we thought it wise to take the commodities he had selected, although there may be one or two others; I think there are, and put in the 1913 rates, so as to bring that statement in full before the Committee.

WILLIAM JOHN EGAN called and sworn:

By Mr. Symington, K.C.:

Q. Mr. Egan, what is your position?—A. Deputy Minister of Immigration and Colonization.

Q. Now, Mr. Egan, we have had some evidence here with respect to the class of accommodation given to immigrants. Have you a copy of the Immigration Act and Regulations with you?—A. Yes, sir.

Q. Will you kindly produce it?—A. In French or in English?

The CHAIRMAN: I think we would rather have it in English; most of the members of the Committee speak the English tongue, and the French members are so well instructed—

Mr. SYMINGTON, K.C.: May we have this marked as an Exhibit?

The CHAIRMAN: Yes.

Exhibit 90: Immigration Act and Regulations.

By Mr. Symington, K.C.:

Q. Section 59, Mr. Egan, of Exhibit No. 90 deals with the number of passengers per cubic space, does it not?—A. Yes, sir.

Q. Has there been any change in that for some time?—A. No, sir.

Q. I understand that that section is in the revised statutes of 1906?—

A. That regulation is the same as chapter 93, section 11 of the Revised Statutes of Canada of 1906.

Q. So that, so far as the Immigration Act is concerned, there have been no changes in the Canadian Act from 1906 to date with respect to these requirements?—A. None.

[Mr. W. J. Egan.]

By Hon. Mr. Stevens:

Q. To what does this refer?—A. Accommodations on board ships for the third-class passengers.

Hon. Mr. STEVENS: Dealing with accommodations?

Mr. SYMINGTON, K.C.: Dealing with accommodations only.

By Mr. Symington, K.C.:

Q. Apart from the Act, has there been any change in the regulations dealing with accommodations?—A. I am not familiar with them, but there are, of course, on the part of the British Government.

Q. I mean the Canadian Regulations?—A. Any other changes?

Q. Yes, with respect to accommodations?—A. None.

Q. Outside of the Act?—A. None.

Q. Now, Mr. Egan, some evidence has been given, with respect to the movement to Australia as opposed to the movement to Canada. I think you wanted to say something about that?—A. I will be very glad to say anything, if you want any information on it.

Q. The information was given to this Committee that apparently the United Kingdom immigration was going to Australia and not to Canada. Has that any connection with ocean rates? That is all I am interested in.—A. Well, as a matter of fact, there is much more British immigration to Canada, and always has been, than to Australia or New Zealand.

Q. Even today?—A. I would only speak of the figures of which I know, up to 1924.

Q. Including 1924?—A. Including 1924, up to the end of December, 1924, the calendar year. The total immigration from the United Kingdom to Canada in 1924 was 63,016, and to Australia, 38,599; but of the Australian immigration, 25,117 were assisted passage, whereas out of the 63,016 to Canada, 6,261 were assisted passage; therefore, you see that a great many more people from the United Kingdom pay their own fare, and are not assisted in any way, but have made their own way towards Canada. That is the history right back as far as we go. There may be one exception, immediately after the war, when we stopped everything here.

Q. What do you mean by "assisted passage"?—A. Coming under the Empire Settlement Scheme. For instance, take the Britisher going under the Empire Settlement Scheme to Canada; may I point this out, that as far as we are concerned, the assisted passage is for the agriculturist, the farm labourer, the farmer or the domestic only, whereas New Zealand, and more particularly Australia, spread it out over a greater range of occupations. Going to New Zealand, the Imperial Outright Grant is £11; the New Zealand Government Outright Grant is £11, and the migrant must pay £11, that is, married couples with or without children. In the case of a domestic, the Imperial Government gives outright a grant on the passage of £11, and the New Zealand Government gives £22; the domestic does not pay any fare. We here, under the Empire Settlement Scheme, loan the fare to the domestic and to the farm-labourer, the prospective farm-owner, or actual farm-owner, if he wishes to take the Empire Settlement Scheme Loan. The only gift—if I may call it a gift—in connection with the Empire Settlement Scheme is a £6 rebate off the repayment to the domestic who accepts and remains at domestic work in the country districts, that is, on the farms; outside of that they pay us everything; in the other cases it is handed to them. I may say that approximately 57,000 people have paid their own way to Canada as immigrants as against, roughly speaking, 13,000 to Australia.

Q. Now, Mr. Egan, from your experience, have you anything to say about the effect of the cheaper immigrant rate to Canada?—A. I did read the evidence

[Mr. W. J. Egan.]

given by Colonel Maughan, and what I may have to say in respect to that practically backs up what he asserts, and in my opinion there is no question about it, but that the cheaper rate will bring you an increased immigration. We have only to go back to 1923 when the shipping companies gave us on the harvester proposition a rate of \$60 to Winnipeg from England, and they had no difficulty in securing, I think it was—and I am speaking only from memory—12,000 people, and I think with all due respect to any who may be speaking about their not having the money, if the occasion presented itself and we asked the Old Country to supply us with 20,000 this year on the \$60 fare to Winnipeg, we would have no trouble in getting them, even with our restrictions. They are called “restrictions”, but they are really selections, and when I speak of these particular restrictions or selections, I would like to deal with that a little later on, if you care to hear from me. What I mean to convey at the moment is that our selections would be of such a nature on a harvester proposition of that kind, or the requirements for a number of people of that kind, that we would not have the same after-results as were in evidence to a certain extent on the last harvester movement from the United Kingdom.

Q. Do I understand from that, that it is your opinion that a cheaper immigrant rate would bring more immigrants?—A. Yes, undoubtedly, but it will certainly back up everything Colonel Maughan says, that if he had a constant traffic—if he were loaded—he could see his way to come to a lower price.

Q. But, as I understand the evidence, the reduction from \$80 down to \$60 would produce no apparent result, because this assisted scheme had not produced that result?—A. In my opinion the assisted passage scheme which is devoted to the farming end of it brought us more farmers last year than would have come under ordinary circumstances. There is no question but that there was more trade for the shipping companies last year on account of that. That is my opinion, and the proof of it is that this year with the rates higher and a fair demand for help of that kind, the bookings are not nearly so large from the United Kingdom.

Q. Now, you said you wanted to say something about the permit system; do you remember the evidence we had, when it was said that there was something about 25 per cent of a throwback, coming cap in hand to the department. What do you want to say about that?—A. I think first off I will deal with the permits. I think that this permit proposition ought to be explained to the Committee. We do not exact this permit; it is a certain condition which has grown up since the end of the war, certain continental countries having had certain experiences, and they wanted some sort of a document before issuing a passport which would assure them that their nationals were coming to an assured occupation, that they were coming to something which would give them a fighting chance of making good. Their reason for that was due to their bitter experience for, say, two years after the war, so many of their people being returned to them broke. The necessity for that brought a request on the part of the shipping companies for some form of document, an affidavit of some kind it developed into first, which would be handed to the passenger, so that he might without delay, or as little delay as possible, secure his passport from his government. There were some fifty different types of those papers in the first year of our experience, and we found that they proved to be a source of temptation to a great many people, whose greatest interest in life was what they might earn, legitimately or otherwise, rather than Canada, and after several conferences with the shipping interests, with whom we co-operate, we finally drafted a form which has to be filled up by the farmer here desiring farm help, or by the parties desiring domestic help. That applies to certain countries. I read Col. Maughan's evidence in regard to the return of 25 per cent of these applications, and may I say that if he was speaking of his own company he was a little uncharitable to them, because

[Mr. W. J. Egan.]

in my estimation not 10 per cent of the applications that came through his company and recognized by us were thrown back, because they were practically all genuine. If he was speaking of his own immediate environment in shipping circles, who confer with us from time to time, well, he was charitable to them when he said we turned back 25 per cent, and if he was speaking of the shipping interests generally, his mantle of charity would spread far enough to nearly cover the world, when he said we rejected 25 per cent only because, as a matter of fact, owing to the peculiar methods of sub-agents and others interested in emigration and what they can make from it, we had thousands of cases we had to reject at first. I may say that that was more or less common, not to any particular line. We found the great majority of cases to be genuine, to a certain extent, and we did not lose nearly as much as 25 per cent. On the other hand, in some instances they were thrown back by thousands, and I think it is only fair to the department that I should give you one or two examples and more if you wish, why we have had to make these investigations, followed by these rejections. Here is a case—I will not give you the name of the Canadian citizen who signed the document; in our investigation we found that the emigrant on the other side was physically defective. I may say that the most of these applications at the beginning were to bring men with farming experience, while we found that the immigrants were really not fitted for that work, and were such that most countries on the European continent would be glad to get rid of.

We had an application by a Canadian citizen for a native of Jugo Slovakia to come and work for him as a farm hand. We found that the proposed emigrant was defective, that his right hand was injured, that one finger was gone, and that the back of his hand was bent. The investigation in Canada shows that he himself stated that he owned no land (that is, the applicant) that he never made the application, that someone must have forged his name, and that he is a labourer himself and not in good circumstances.

Let me cite another case, an application to bring in an immigrant; our investigation shows, based on the report of the parish priest and the chief of police that the applicant was no farmer, that he kept a gambling and illicit liquor house and so forth.

In another case the investigator was told that the man assigned to him was brought here to oblige a friend in Buffalo, that the man was a restaurant owner, consequently the man was not needed at all, and that he was not suitable for farm work in Canada. I might go on and give you these by the thousands, but these are a few of the examples which came to our attention.

There is also the allegation that they are being delayed considerably. We did keep or get what was practically a blacklist. We know from certain sources that they are very seldom legitimate applications, and we do not at once reject those in which we think there is a necessity for investigation, so that that explanation will cover the necessity for these investigations and why these permits are created.

I would like to say as to the remarks made by the Chairman about their coming to us cap in hand, that those remarks really upset me considerably.

The CHAIRMAN: I am sorry for that, Mr. Egan.

The WITNESS: We ask no man and expect no man to come to us cap in hand, but we do find that the applications are supported by gentlemen learned-in-the-law, that they have come to me asking me to kindly bend the law for a certain reason, although they have never asked me to break it, and if they come in and tell me that my future is at stake, and that something else is going to happen to me unless I grant it, I may say that the man who approaches me from any humanitarian standpoint must of necessity get consideration, but I never hope to create in this country any Uriah Heep atmosphere—I am sorry if the men who know the law backwards feel that because they are asking me

[Mr. W. J. Egan.]

to bend the law on certain occasions they are going to come cap in hand; we do not expect it, we do not want it, and we will do everything we can to assist, but in a proper way.

The CHAIRMAN: I think I might perhaps interject something here, that is, that my remarks had no personal application to the gentleman who acts as Deputy Minister of Immigration and Colonization. The expression "cap in hand" was meant to signify that although this country is, in my humble opinion, very much in need of new citizens, that the restrictions for which the Deputy Minister is not at all responsible—his duty merely being to carry out the law as it is—are such that applications have to be made for permission to facilitate the entry of people to this country who in my personal opinion should be allowed to come in without let or hindrance. I am sorry if the Deputy Minister took any personal application out of my words, because they were not so intended.

Hon. Mr. STEVENS: The illustrations given indicate to me great care on the part of the Department.

The CHAIRMAN: Certainly. They have to be careful. There is no question about care being exercised. I am merely expressing my own view, that people must not be allowed to come in who are morally unfit, physically unfit, or mentally unsound. Apart from that, my opinion would be that very free access should be given to people who want to make a fresh start in this country. I think that is the way the United States was built up.

The WITNESS: May I express an opinion as to the remark that has just been made about the United States being built up, the opinion of one who knows the continent pretty well. When you mention the United States under these circumstances, yes, but we are talking to-day of a European Continent with a different mentality, and which is as yet a Devil's brood, and any kind of an open door proposition from the continent, without selection, would bring you not even the skim but the scum, which they do not want, and which would be disastrous to us, in my opinion.

By Mr. Symington, K.C.:

Q. Is there anything else you want to say, Mr. Egan?—A. No, sir. I did not particularly wish to come at all.

The CHAIRMAN: I am sure we are very much obliged to you, Mr. Egan.

By Mr. Montgomery, K.C.:

Q. I just have a few questions to ask of Mr. Egan.

Mr. RINFRET: May I interject, before Mr. Montgomery starts? The witness told Mr. Symington that in his opinion if the rates were lowered we would get more immigrants for Canada. The point was not exactly that. Perhaps the witness would tell us whether in his opinion if the rates were lowered, with not so good a service, he still thinks we would get more immigrants?

The WITNESS: Our total immigration outside of Great Britain is more or less guided by conditions in Canada in regard to farm help. This law which I have to administer tells me that certain people come for certain purposes only from foreign countries.

Q. But you just said that a lower rate would attract more immigrants to this country; are you of opinion that the immigrants would come at the lower rate, even if they did not get as good a service as on a liner? That point was raised a couple of days ago.—A. I sometimes feel as if what is exacted from the shipping companies, and which is called competition in service, is altogether beyond what is actually required for 75 per cent of our immigrants, because our forefathers travelled without it, and got here all right.

[Mr. W. J. Egan.]

By Mr. Symington, K.C.:

Q. To get at it directly, Mr. Egan, is it your opinion that a lower rate, with a less expensive accommodation and service, would produce more immigrants? Is that your opinion?—A. Yes, a lower rate would be bound to produce more immigrants.

Q. Even if the service were not of the class that the competition seems to force?—A. I believe if we could approach anything along the line suggested by Col. Maughan the other day, instead of having three or four months' traffic, which is all we can use, because we do not believe in bringing people in here in December for farm work—if that time were extended for a further period, or if the accommodation was extended over the four months period, it could be done very much cheaper.

By Mr. Montgomery, K.C.:

Q. I did not quite catch the import of that answer, Mr. Egan; is it your suggestion that there should be a lower rate for the rush movement during the four months, or something of that sort?—A. No, but I do feel that even with the accommodation which is in evidence to-day, and which the shipping companies say is required, although personally I do not agree with that, and I do not think that the higher fare to-day is on account of that accommodation, that it may be on account of the shortage of people during a certain period, but that the higher service is in evidence to-day owing to other circumstances.

Q. You are aware, are you not, that the improvement in the accommodation is equal whether they are coming to this country, Montreal for instance, or to American ports?—A. That improvement was in evidence last year and the year before, and if the American quota laws had not come into force and caused a shortage of traffic, we would not have had this condition. It is on account of that shortage largely; at least that is my opinion.

Q. Whatever the reasons may be, there has been a decided falling off in immigration to Canada, comparing the last few years with pre-war years?—A. Yes.

Q. And that is not only from the other side of the water, where ocean rates are involved, but also from countries like the United States?—A. Yes.

Q. So that we have a condition which must be common to all sources of immigration, whatever that condition may be?—A. Yes, but these conditions can always be explained. I know this is not an investigation of the Immigration Department, but as to immigration: in the United States end of it, of a necessity you have had that falling off, because the father of a family living in the United States, owing a farm there, could not sell his farm or realize in such a way or at such a time at any time in the last three or four years so that he could come to this country and bring his family with him. But that condition is changed, and we are having a greater immigration to-day. I do not think the decrease in our accommodation is the ground for the falling off, not a particle.

Q. Will you agree with me that any falling off in immigration is not due to ocean rates alone?—A. No.

Q. Nor would you even say that it is the principal factor?—A. No. We cannot assimilate the number of people we get; we have no railways to build; we have nothing to give a man a chance to start on. There are a dozen reasons for it, but you do not want me to go into them all.

Q. The root of the matter is, you have to have employment for these men before you can bring them here?—A. That is it.

Q. Or provide work for them before they actually come over?—A. Yes. Conditions on the continent have brought that about.

Q. That harvester movement you spoke about was really a special movement?—A. Yes.

Q. They were practically guaranteed employment?—A. Yes.

Q. I suppose the opportunity of coming out under those special conditions was very attractive to people who wanted a jaunt, to come and see the world?—A. Yes.

Q. So that it would be unfair to take that as a typical illustration?—A. Except that it shows the preparedness to move if you can move them at the right prices. For instance, I have noticed a store, the highest priced store in this city has been closed up for three days for special attractions, and I had to walk around two or three blocks to get in.

Q. And you can compare that movement to a bargain sale?—A. Yes.

Q. You guaranteed to take them back at a special rate?—A. Which shows that a cheap rate will bring the people.

Q. But they would like to get back again?—A. We hope from the way we are handling them now that they will have no desire to return.

Q. I am referring to the special farmer movement?—A. Yes, a lot took advantage of it.

Q. A cheap fare out and a cheap fare back?—A. Yes.

Q. And with something like a cheap movement over the rails in our own country?—A. Yes.

Q. They wished to have a trip, see the world, and go back again?—A. Well, we kept 8 thousand of them, Mr. Montgomery.

By Hon. Mr. Stevens:

Q. Eight thousand out of how many?—A. Twelve thousand.

The CHAIRMAN: That was very good indeed. I think you are to be congratulated.

By Mr. Montgomery, K.C.:

Q. Last year there were certain special inducements given, were there not, to United Kingdom immigrants?—A. Yes, sir, coming from the United Kingdom only.

Q. I think on the Steamships side they gave a special reduction of \$15 a head, did they not?—A. Yes, sir.

Q. Thereby reducing the fare from \$75 to \$60?—A. Yes.

Q. Do you know what the result was, comparing years?—A. I do not know that I have them. Do you mean, compared to the previous year?

Q. Yes.—A. I think perhaps I can find that for you. Yes, I have it here in one table, 1922, and 1923, the total from the United Kingdom, that is of English, Irish, Scots and Welsh was 34,508. And last year, 72,919.

Q. Give me those figures again, please.—A. 34,508 for the years 1922, and '23. That is one year. And for the same period, 1923-24, 72,919. An increase of 38,411.

Q. Between 1924 and 1923?—A. Yes.

Q. What are those figures you are giving us?—A. Our figures.

Q. I understand that, but as to what year, ending at what time, calendar year?—A. No, our year, the fiscal year.

Q. When does it end?—A. In March.

Q. The 31st March?—A. Yes.

Q. Are those for the United Kingdom alone?—A. Yes, English, Irish, Scottish and Welsh.

By Mr. Kennedy:

Q. Was that assisted passage for the year 1924?—A. Yes, and early in the season of 1923.

[Mr. W. J. Egan.]

By Mr. Montgomery, K.C.:

Q. Perhaps you will give me the year ending 31st March 1925, that would take in more of the period concerning which we are asking.—A. I am sorry I have not got those figures with me.

Q. That bonus had greater application to that year, had it not, the year ending 31st March, 1925?—A. Yes, I would say it had. It would be from April.

Q. It would not be reflected in the years you have given us?—A. No, but we must take this into consideration; I am convinced positively that that rebate helped to bring us more agriculturalists from the United Kingdom than would have come otherwise.

Q. I wonder if you can help me with this, Mr. Egan. The figure you gave for 1923 was 34,508, was it not?—A. 34,508, that is right.

Q. They are the same figures, I may say for your information, that are found on page 7 of the book Col. Maughan handed in.

By Hon. Mr. Stevens:

Q. Let us get this clear. When did this assisted passage start?

Mr. MONTGOMERY, K.C.: April, 1924.

The WITNESS: Not assisted passage; the rebate.

By Mr. Montgomery, K.C.:

Q. We are speaking of the rebate.—A. Early in 1923.

Hon. Mr. STEVENS: The assisted passage in 1923 and the rebate April, 1924, is that it?

Mr. MONTGOMERY, K.C.: April, 1924.

By Mr. Symington, K.C.:

Q. Did those apply to agriculturalists only?—A. No, the \$15 rebate was given to all British immigrants.

By Mr. Montgomery, K.C.:

Q. Then we had 34,508 coming in up to the 31st March, 1923?—A. Yes.

Q. And taking the following year, up to the 31st March, 1924, we had 72,919?—A. Yes.

Q. And that was prior to the steamship companies giving this special reduction?—A. Well, some of it came in, but very little.

Q. My instructions are that it only started from April?—A. The 1st April, I think that is right.

Q. So that none of it would be in that year?—A. Yes, that is right.

Q. I wonder if you could help us with the result after that special reduction had been inaugurated, because the figures I have before me here, accompanied by a footnote saying they have been checked in your department, and I see they tally with the other figures you have given and show for the year ending 31st March, 1925, only 53,178?—A. I think that is approximately right.

Q. So that notwithstanding the reduction in fares, there was a considerable falling off in the immigration from the United Kingdom?—A. Yes, sir, but my point is that that \$15 prevented a further falling off.

Q. We will have to speculate as to that I suppose. In any event we agree that there was a falling off and it did not bring about the natural increase one would have expected?—A. In a sense, that is right.

Q. Now in addition to the special bonus or rebate given by the railways, you have spoken of the Empire Settlement Scheme under which Canada really financed the passage out of agricultural labourers?—A. In the form of a loan only, not a gift.

[Mr. W. J. Egan.]

Q. In the form of a loan?—A. Yes.

Q. That was something which did not exist in pre-war days?—A. No.

By Sir Eugene Fiset:

Q. It is since 1918?—A. No, 1923, sir, the assisted passage.

Q. Are you sure of that?—A. I am not quite positive.

Q. I have had some personal experience on that matter, of some who were brought out on that assisted passage scheme, so therefore I think it applied then.—A. My recollection is that we came into the Empire Settlement Scheme—as far as my reading back in the Department when I took charge, under the British Empire Settlement Scheme as I know it now, we were discussing it in 1922 and came to something definite in 1923 and started working then.

Q. There was a prior scheme then?—A. That may be.

By Mr. Montgomery, K.C.:

Q. The information I have is that it came into force in May, 1923, when Canada voted the sum of \$600,000 to be pooled with a like amount from the British Government.—A. Yes.

Q. Making \$1,200,000 to be devoted to that object.—A. May I explain if you please, because immigration is so much misunderstood at times. I spoke of the assisted passage under the Empire Settlement Scheme, and then someone suggested that we paid or loaned the money. It is really half of it only that we loaned, and the British Government loaned the other half.

Q. That is right. As a matter of fact there was not the demand even for the full amount that had been voted was there?—A. No. Are you referring to the year 1923? If so, no.

Q. I have no instructions as to 1924, perhaps you can tell us?—A. It was \$500,000 last year.

Q. But in no case since the Empire Settlement Scheme was voted, has there even been a sufficient demand to take up the amount voted by the two parliaments?—A. No, but you will keep in mind that our Assisted Passage Scheme, or our Empire Settlement Scheme was for the farm labourer and domestic only. The other parts of the empire, although they spread it to several other occupations, still receive a lesser number of people, who pay their own fares to their country of destination.

Q. What immigrants, apart from agriculturalists and domestic servants, are now freely admitted from the United Kingdom?—A. Any United Kingdom man who is physically and mentally fit and can look after himself and is not liable to become a public charge.

Q. Must he have assured employment?—A. Not a Britisher; if he is able to look after himself until he secures it, if he gives us evidence of that kind, he is as welcome as the flowers in May.

By the Chairman:

Q. Does he have to give evidence of that?—A. That is, we ask him a few questions; find out where he is from, what he has in hand, and where he is going.

Q. Does he have to have any stated sum of money, Mr. Egan?—A. No. That is a perfidious game.

By Sir Eugene Fiset:

Q. That applies only to the United Kingdom?—A. Yes, sir.

Q. It does not apply to other countries, to Czecho-Slovakia, for instance?—A. No. It applies to France or to Belgium and to Scandinavian countries.

[Mr. W. J. Egan.]

By Mr. Montgomery, K.C.:

Q. Can a carpenter, plumber, or stonemason, or any one of that sort come in freely, without a job?—A. If he is able to look after himself for some time, yes.

Q. For some time?—A. Yes. But we would stop a stonemason who was coming because he had been advised by the head of certain interests that there was occupation for him at so much per day if he made his way quickly to Canada to a certain district, or something of that kind. We would advise him.

Q. Have you before you P.C. 183?—A. My book is gone. I can give it to you in French.

The CHAIRMAN: It is not quite the same to the committee. P.C., what number?

Mr. MONTGOMERY, K.C.: P.C. 183, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. You have not an extra copy of the Act, have you?—A. No.

Mr. DUFF: Is not this private correspondence?

Mr. MONTGOMERY, K.C.: It is not private and confidential in any way.

Mr. SYMINGTON, K.C.: Here is a copy, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. I will take Mr. Symington's, then. Apparently a restriction was brought into force applicable from a draft of the 15th April, 1923.—A. It was amended in April, 1923, yes.

Q. And by that I see that from and after the 15th April, 1923, until otherwise ordered, the landing in Canada of immigrants of all classes and occupations is hereby prohibited except as hereinafter provided?—A. Yes.

Q. So that we start with a general prohibition, subject to the exceptions which are enumerated and which follow?—A. Yes.

Q. And those exceptions are: 1, a bona fide agriculturist entering Canada to farm and having sufficient means to begin farming in Canada?—A. Yes, sir.

Q. 2, a bona fide farm labourer entering Canada to follow that occupation and having a reasonable assurance of employment?—A. Yes.

Q. 3, a female domestic servant entering Canada to follow that occupation and having reasonable assurance of employment?—A. Yes.

Q. 4, the wife or child under 18 years of age, of any person legally admitted to and resident in Canada, who is in a position to receive and care for his dependents. 5. Any United States citizen entering Canada from the United States who shall satisfy the immigration officer in charge at the port of entry that he has sufficient means to maintain himself until employment is secured?—A. Yes.

Q. And, 6, any British subject entering Canada, satisfying the immigration officer that he has sufficient means to maintain himself until employment is secured?—A. I have said all that.

Q. All others fall under the general prohibition at the beginning of the regulation?—A. Yes. There are other regulations for them.

By the Chairman:

Q. Under what provision does the man from France or Belgium come in, Mr. Egan?—A. No provision, just a regulation of the department, sir.

Q. Subsequent to P. C. 183?—A. Yes, a regulation not an Order. We have to move at times in the conditions and that is why I hoped that this was not an investigation of the Immigration Department.

[Mr. W. J. Egan.]

By Sir Eugene Fiset:

Q. Are all of these regulations passed by the Order in Council?—A. The regulations? Not all, no sir.

By Mr. Montgomery, K.C.:

Q. As far as the Orders in Council are concerned, that Order in Council that I have just quoted, is the prevailing Order in Council?—A. Yes, sir.

Q. You gave us the immigration to Australia only. Can you conveniently and for the purposes of comparison, combine Australia and New Zealand, as they are combined in Mr. Maughan's memorandum?

The CHAIRMAN: I do not want to limit you in any way, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: I am almost finished, Mr. Chairman, and I would like that figure to compare it.

The WITNESS: I can give you the total to New Zealand, 11,061.

By Mr. Montgomery, K.C.:

Q. And what was the figure you gave us for Australia?—A. 38,599.

Q. What year is that?—A. 1924.

The CHAIRMAN: Making 49,660.

By Mr. Montgomery, K.C.:

Q. Is that the calendar year?—A. Yes, the four quarters of the year.

Q. Because the information Mr. Maughan obtained is somewhat different from that and possibly the years taken may differ; that is the calendar or fiscal year?—A. It may be. Are the figures less or more?

Q. The figures given here are 59,859 for the year 1924?—A. These are the British Government's own figures, and the Overseas Settlement's own figures showing the general movement as well as the special figures of those who came under the assisted or Empire Settlement Act. That Act is 1922, General Fiset. The number from New Zealand taking part in that 1924 movement under the Empire Settlement Act was 7,337.

Q. As a matter of fact, is there any free movement to Canada of immigrants except those of the agricultural class or domestic servants?—A. I did not catch the beginning of your question.

Q. Is there any free movement to Canada except those of the agricultural class or domestic servants?—A. To Canada from the United Kingdom?

Q. Yes, or other colonies?—A. If you take their calendar year, 1924, 63,000 people, and we assisted 6,261 who must of necessity be domestic servants or agricultural labourers. That leaves a fairly big movement in which may be included a great number who came for agricultural purposes.

Q. Just to check the falling off, notwithstanding the bonus or rebate of \$15 as between the years ending March 31, 1924, and March 31, 1925, it is about 17 per cent, is it not?—A. There was a falling off, I do not know what percentage. I think it would have been greater without the \$15.

Mr. MONTGOMERY, K.C.: That is all, Mr. Egan.

By Mr. Symington, K.C.:

Q. To clear up one point that is not clear in my mind in respect of P.C. 183. It made no provision for Continental limitation?—A. That is provided for later on.

Q. P.C. 185 provides for immigrants coming in with the vise of the Canadian officer. That is on the same date, P.C. 185?—A. Yes, that is right.

[Mr. W. J. Egan.]

By the Chairman:

Q. The vise of the Canadian Immigration officer means that he has to satisfy the officer?—A. Yes, that he is the type he claims to be.

The CHAIRMAN: Have we any other witness?

Mr. SYMINGTON, K.C.: I will call Sir William Petersen.

Sir WILLIAM PETERSEN, called, sworn and examined.

By Mr. Symington, K.C.:

Q. Now, Sir William, will you kindly speak up, because it is very hard to hear?—A. Yes.

Q. What is your name, please?—A. William Petersen.

Q. Where were you born?—A. Denmark.

Q. You reside in England?—A. Yes. I have for fifty one years or more.

Q. Fifty one years in England?—A. Yes.

Q. You are a British subject?—A. Yes.

Q. How long have you been connected with shipping?—A. All my life.

Q. What is your present business?—A. Ship-owner, ship manager.

Q. What are your shipping connections?—A. I am director of the Thompson Steamship Company, The London-American Maritime Trading Company; I am Chairman of the Register of Bureau Viritas, and I am associated, indirectly, with other shipping companies, as Chairman.

Q. When did you first come into touch with shipping matters in Canada?—A. I first came into Canada in 1893, in connection with a shipping project, of carrying coal, from Cape Breton to Montreal. The Dominion Coal Company had just come into existence, after the amalgamation of the various mines in Cape Breton, and Mr. Henry Whitney, of Boston, who was the principal promoter, requested me to come over and try to fix some lines to run coal from Cape Breton to Montreal. I made a long contract with the Dominion Coal Company; I think it was seven or eight years. I ran a number of steamers, and although I was under no obligation by the contract to do so, I succeeded in cutting the rates in half. The rates charged in those days were, generally, \$1.50 per ton, from Cape Breton to Montreal, which I succeeded in reducing to 75 cents. It was commented upon in those days, because I got a very high rate for my ships, without any guarantee, and some of the shipping men here will realize that I got five shillings per ton, deadweight, in 1893, where the average rate was, probably, three shillings. It was a very high rate and, yet, I succeeded in lowering the rates, and I made a very handsome profit for my company. That was my first advent in Canada.

The CHAIRMAN: Will you ask him, Mr. Symington, to clear that up, about the high rate of five shillings per deadweight ton. I did not quite understand it.

By Mr. Symington, K.C.:

Q. Was that a charter rate or what?—A. I had the ships chartered on time charter rates, which is generally based on the ton deadweight. For instance, a ship of four thousand tons at five shillings, would give one thousand pounds a month.

By the Chairman:

Q. That is what I wanted to clear up?—A. Out of that you would pay the crews wages, the insurance; and the charterers would pay for the bunker coal and otherwise have entire control of the handling of the ship.

By Mr. Symington, K.C.:

Q. On that occasion, you told us, Sir William, that the rates were reduced as a result, from \$1.50 to 75 cents?—A. Yes, and less.

Q. You added "and less"?—A. And under 75 cents.

[Sir William Petersen.]

Q. How much under 75 cents?—A. Not “less than 75 cents,” but in some instances under; they worked it at an average, which I am not prepared now to give to a few cents, but that was given to me at the time at 75 cents, which I had intimated to Mr. Whitney I would do.

Q. When was your next experience in shipping in Canadian matters?—A. 1897 I secured a contract with the Dominion Government, with a subsidy of £153,000 a year, to run the Whitney service of passenger steamers, between Canada and England.

Q. What happened in connection with that?—A. That service did not materialize, for this reason: I found I had, in the beginning, enormously strong opposition from the shipping community, and time dragged on, before I could overcome some of those obstacles. The Canadian Government, very kindly, gave me a contract for another period, to enable me to get through, but in the meantime, the Spanish-American war broke out. It was then impossible to go on, because I had a clause in my underwriting letters, that if war broke out between two nations, one of which was a European nation, the underwriters had a right to retire. Although England was not implicated in the war, there was quite a panic at the time, and large sums would be drawn, and in one week something like £500,000 or £600,000 would be drawn in that way.

By the Chairman:

Q. When you say “the underwriters” do you mean the people who had underwritten the project?—A. The people who had underwritten the capital for the ships in the service.

Q. The capital for the company that was to own and operate the ship?—A. Yes.

By Mr. Symington, K.C.:

Q. The company that was to build the ships, and own and operate them, is that it?—A. To own and operate them, I think, Mr. Chairman, is right, because the builders come into a different category.

Q. But you had to pay for them?—A. We had to pay for them.

Q. The result was that the 1897 project did not go ahead?—A. It did not go ahead, but I may tell you that I had deposited £20,000 with the Canadian Government, £10,000 in cash, and a banker's guarantee for £10,000; and in due course I applied for the return of this money, and the Canadian Government very graciously granted my application, and I may say that, even the opposition,—in those days, Sir Charles Tupper,—admitted, (which is of record in Hansard here), that I had done my best and played the game.

Q. And the deposit, in any event, was returned on that occasion?—A. Yes, sir, the money was returned to me; yes, after a couple of years.

Q. What was your next experience in connection with Canada?—A. In 1901 I established a freight line between Rotterdam, running through the St. Lawrence Canals, carrying freight to Fort William and Port Arthur. I carried freight, for the first time in the history of the world, ocean bound, 1,500 miles further west than had ever been done before, but I found that the ships, which could proceed through the canals—being too small—(under 4,000 tons) were unfit for the ocean trade, and eventually I had to withdraw that part of the service; so I formed a company on the Lakes, called the Canadian Lake and Ocean Navigation Company, where I left the smaller ships and simply carried on the line to Montreal and Halifax, for the time being.

Q. From Fort William and Port Arthur?—A. No, from Rotterdam.

Q. Then you did not operate any further on the Great Lakes?—A. No. I could not get through the canals with the larger ships, of course, and I had to abandon that part of the project.

[Sir William Petersen]

Q. What was your next connection with Canada?—A. In 1904 I established a line called the Franco-Canadian Line, between Canada and France and London. In that project, if you will allow me to explain, I had partners with me, of a very substantial character. Armstrong Whitworth and Company, the big shipping firm, of Newcastle-on-Tyne took part in that enterprise with me. They put in two ships, which they had taken in part payment—I do not know if I am allowed to explain this.

The CHAIRMAN: Yes. This is interesting to us.

The WITNESS: I would like to explain it because I see in the white book, which is supposed to be a reply to Preston's Report, mention is made of this, and I want to make it perfectly clear, by having a record of it. I want to have a record of it here.

By the Chairman:

Q. We want the whole story, and we would be very glad to listen to you.—A. Armstrong-Whitworth and Company put in two ships, which they had taken in part payment, from the Royal Mail, two old passenger ships, and I put in two, and chartered another and started the line. They had agreed to furnish £100,000 in the enterprise, and we had a distinct promise from Sir Wilfrid Laurier and Sir Richard Cartwright, of a subsidy of £30,000.

By Mr. Symington, K.C.:

Q. This was for what purpose?—A. To run this line.

Q. It was passenger, emigrant or what?—A. Passenger and freight.

By the Chairman:

Q. You may mention the ports on both sides of the ocean that this contemplated line was to touch at?—A. During the summer season, Montreal and Quebec; during winter, Halifax and Havre, on the other side, and London. The subsidy had not actually been granted when we started the line, but I had Sir Wilfrid Laurier's word and Sir Richard Cartwright's that they would recommend this subsidy. I explained this to Armstrong Whitworth and Company and we took it for granted that the word would be kept by the Ministers, and we started the line. No sooner had I started the line than I found that Armstrong Whitworth and Company backed out. It is not true to say, as stated in that white pamphlet, that I got insurance from the steamers. I did nothing of the kind. They dropped the whole scheme and withheld the two boats they had put in without any notice or rhyme or reason. I had, at that time, thousands of emigrants waiting, whom I could not accept, because I had to follow the lead and give up the enterprise. Great pressure at that time, I found later on, was brought to bear on Armstrong Whitworth and Company by the combine lines, or, call it, the North Atlantic Conference and the German Pool Lines; and I was aghast at the unwarranted treatment I received, without any notice, but I had to stop the other lines and I had to throw some companies into liquidation, in order to save my own skin. It appears that some of the directors met Ballin, who was then President of the Hamburg-American Line, and Dr. Weigand, who was President of the North Deutscher Lloyds, at Aix-LaChapelle, and that two of the directors of the Armstrong Whitworth Company came back and told them that, not only would they never get an order from any of the Combine Lines in England or Germany, or any part of the Continent, but the German Government would never give them an order for armament or ships. I have an idea that Ballin must have seen the Kaiser, or somebody in authority; but at all events, Armstrong Whitworth and Company broke the contract and left me to sink or swim. Then, eventually, I instituted legal proceedings, and I fought it in the law courts for a year and a half. I won my case, and I got

[Sir William Petersen.]

very substantial damages, and they paid all law costs; but that line was resuscitated by the Allan's, who stepped into the breach, when Armstrong Whitworth and Company broke away, and eventually, Allan's, being absorbed by the Canadian Pacific, no doubt they are running that line to-day. That is my original project. That is the history of the Canadian-French line.

By Mr. Symington, K.C.:

Q. This information which you give, with respect to the Conference interference all came out, I understand, in the court proceedings?—A. Yes.

By the Chairman:

Q. Was the case reported in the English Law Reports?—A. Yes.

Q. Do you remember what year it was?—A. Yes; 1906. I may say that, after two days' bombardment by my counsel, we settled the case in court, with the consent of the judge.

By Mr. Montgomery, K.C.:

Q. Are you sure the case was reported?—A. It was in the English newspapers.

The CHAIRMAN: We have the English Law Reports here, and if a case is reported in the English Law Reports, we can turn to it.

Mr. MONTGOMERY, K.C.: As a matter of fact, the case was settled out of court. It was settled, but there was no judgment at all.

The WITNESS: It was settled in court, but with the consent of the judge.

The CHAIRMAN: I think, Mr. Montgomery, I might ask Sir William Petersen a question here.

By the Chairman:

Q. What was the amount of damages you received from those people? That will show us that there was something substantial in the story. What did you get from those people?—A. Mind you, Mr. Chairman, I am not quite sure, but I think it was 48 thousand pounds. And the law costs came to about 16 thousand pounds, as between solicitor and client.

By Mr. Symington, K.C.:

Q. What further shipping connections have you had with Canada, Sir William, any other or further shipping connections?—A. That was in 1904. Then in 1907 I started a line in conjunction with the late Sir William Mackenzie, between Rotterdam and Canada. I first called at Halifax, and proceeded on to New York, but later on the line was developed and took in seven larger ships and we called it the Royal Line, running to Montreal and Quebec. That line ran very successfully at the first going off; just at the first I called at Halifax, to divert or to disembark the Canadian emigrants. At that time it was very difficult on the Continent to get an emigrant to realize that there was another country besides the United States, and when you came and wanted him to go to Canada you had to precede that with a very large propaganda and all sorts of literature; therefore, for the two sailings I succeeded in establishing my agencies on the Continent, and diverted very few emigrants via Halifax, and for that reason I had to proceed with my steamers to New York, where I worked with the Erie Railway Company and discharged the balance of the immigrants destined for the United States, and to start my freight. I may say in connection with that service that I also had a tremendous fight to meet from the combined lines, who have always had a very sweet eye on me. The line first started in Hamburg, but I was chased out of Germany because with the

[Sir William Petersen]

encirclement around the country of stations, control stations we called them, they would not allow my emigrants or passengers to get through on my tickets, and they had to be provided with either a conference ticket or a German pool line ticket, and I was then compelled to divert my line from this pressure to Rotterdam, and I had actually to pay any railway fares for all my emigrants around Germany, up from Central Europe until they arrived in Rotterdam to join my ships, which sometimes involved a railway fare of something like 16 shillings. Still I went on from Rotterdam, and I got more emigrants there in due course than my ships at that time could carry, because I was restricted in ships. I could not charter any ship from any shipowner for fear of the Conference, and I now had to go abroad and buy one or two ships in order to carry on the business, which I did, and we carried on the line as I say, and then developed it into the Royal Line, and I was associated with that line up to the moment; it was run first of the part of Sir William Mackenzie and myself entirely; later it was transferred to the Canadian Northern Railway and, as you know, that railway was later on taken over by the Canadian Government.

By the Chairman:

Q. What was the name of this line; you may have stated it, if so I have forgotten it?—A. The first line I started was called the Uranian, because the first liner I had was called the *Urania*, and on that line I chartered several ships from the Prince line, from Elder-Dempster and other people who were not in the conference, to carry on that line. Then later on we bought—or Mackenzie and Mann bought—two large passenger ships, 12,000-ton ships, very elaborately fitted out, and put them on that line, and that line commenced to run from Bristol and Avonmouth, and it was called the Royal Line; the Royal George and the Royal Alfred were two of those ships.

By Mr. Symington, K.C.:

Q. Have you told us all your North Atlantic experience now?—A. I think so, pretty well.

Q. Have you run ships to Vancouver or to Western ports?—A. I have, but not on lines of my own ships, I have run on charter from Vancouver to Japan and India.

Q. Have you had any experience in other trades, for instance the United States trade?—A. Yes. I ran a line of two of my own ships from Jamaica to Boston, for the United Fruit Company of America. I also ran one or two of my steamers, tank steamers, for the Standard Oil Company on a regular line to the Gulf of Mexico, and of course I have had shipping connections with America, India, China, Japan, Australia, New Zealand, every day almost with ships trading from one place to another.

Q. That is, you have been running your boats to these various countries?—A. Yes.

Q. How long have you known Mr. Preston?—A. I have known Mr. Preston upwards of 27 years.

Q. Where did you first meet him?—A. Here, in Ottawa.

Q. What were your first business connections with him?—A. I really never had any business connections with him except that I met him in business in 1904 in connection with the French Canadian line. He offered me, or had ready for me thousands of emigrants which he had secured under an organization he had himself established on the continent. Then later on he introduced me to other members of his organization. That was in 1906 and 1907, and indirectly at that time furnished me with many thousands of emigrants for Canada.

Q. Have you had any other business connection with him at all?—A. No, not until he came to London last year.

[Sir William Petersen.]

Q. I will come to that in a moment. Prior to this contract we are considering now, you had had no business dealings with him?—A. None whatever.

Q. Then as regards the present contract, when did he first see you with reference to it?—A. He saw me in London, I think, towards the end of June last year.

By the Chairman:

Q. Before that question is proceeded with, I would like to ask a question. When you met Mr. Preston some 27 years ago, was he in the Canadian Government service, or was he operating on his own account, or for some company?—A. I could not tell you, except that he was introduced to me by a Minister. I think the Minister was the gentleman who is now Sir Clifford Sifton, but whether he was in the Government service at that time or not I do not know.

Q. He was engaged in immigration work, but whether public or private you are not sure?—A. I am not sure.

Q. But it was immigration work?—A. Yes.

Q. Was that in 1904 or 1907?—A. That was in 1897, when I first met him; that was 27 years ago.

By Sir Eugene Fiset:

Q. I think you said it was in 1907 you had your first business dealings with him?—A. That is true.

Q. What I want to know is, was Mr. Preston engaged then in the Canadian immigration service?—A. He had been. I think he went back to Canada at the end of 1906 or the beginning of 1907, and later on began on the same business.

By Mr. Symington, K.C.:

Q. In 1897, when you met him, what was his business?—A. I don't know whether he was associated with the Government here at all or not. I met him here in Ottawa in the Government, and he was introduced to me I think by Sir Clifford Sifton.

Q. When you had your first business dealing with him, he was engaged in immigration?—A. Yes.

Q. On his own account or for the Government?—A. For the Government, I think, in Europe.

Q. You say with regard to the present contract you first saw Mr. Preston you think at the end of June, 1924; is that what you told us?—A. That is right.

Q. How did you come to meet him?—A. He came and called upon me; he first wrote me, then he called upon me at my house.

Q. What took place?—A. He told me that the Government was anxious to do something to establish control of ocean rates, and he had with him in London the Minister of Trade and Commerce, Mr. Low, whom I had not seen at that time, and I met him two or three times, when we discussed the matter.

By the Chairman:

Q. You met him, is that Mr. Preston or Mr. Low?—A. Mr. Preston, at my house.

By Mr. Symington, K.C.:

Q. Let me get this clear, the first time Mr. Preston came to you, was Mr. Low there?—A. No, it was before that I met Mr. Low.

Q. What took place the first time? He came to your house, you say, and he told you that the Canadian Government wanted to do something about controlling ocean rates?—A. Yes.

[Sir William Petersen]

Q. And is there anything else at that particular time?—A. Well he also told me he had seen a lot of people in connection with this matter; I do not know the details of the people he saw, and he said he would like to introduce me to Mr. Low, the Minister, if I would consider the matter at all.

Q. That is, of taking part in some transaction looking to the control of ocean rates to Canada?—A. That is it, yes.

Q. And how many times did you see him before you saw Mr. Low?—A. Oh, three or four times probably.

Q. And when was Mr. Low introduced to you?—A. He was introduced to me a few days later, about the end of June; the very end of June.

Q. Then after you met Mr. Low did you have anything further to do with Mr. Preston regarding negotiations preceding the contract?—A. No.

Q. How did the contract arise?—A. I wrote a memorandum and conveyed my ideas of a certain scheme; in a memorandum which I handed to Mr. Low at the Ritz Hotel in London. He perused that, and I saw him a day or two after, and we had several other discussions on this subject, and eventually he asked me would I leave the matter over until his return to Canada, as he wanted to discuss the subject with his colleagues in the Cabinet.

By Hon. Mr. Stevens:

Q. This was Mr. Low, was it?—A. That was Mr. Low, yes. And would I, if his colleagues so wished it, come to Canada on receiving a cable from him. The result was that some time at the end of October, I think it was, I got a cable from Mr. Low asking me to come over and I came here to Ottawa and negotiations for the present agreement started, and the result was the contract of the 9th December of last year.

By Mr. Symington, K.C.:

Q. Now, did Mr. Preston have anything to do with the drawing of that contract so far as you are concerned?—A. Nothing whatever.

Q. Was he present at the negotiations with the Government?—A. Not that I am aware of.

Q. Did you discuss the terms of the contract with him before its completion?—A. No.

Q. Did you have anything to do with his report?—A. Nothing whatever.

Q. You did not assist him in any way in writing his report.—A. Not in the slightest.

Q. Did he ever discuss the question of his report with you or ask advice.—A. No. He mentioned to me in an offhand sort of way that he was writing a report for the Government, but he never asked my advice nor did I ever see anything of the report.

Q. You never saw the report at all?—A. No.

Q. Or know anything that was in it prior to it being given?—A. No not at all.

Q. Now, Sir William, what do you know about the North Atlantic Conference?—A. What do I know about it? A good deal I am afraid.

Q. Have you had any experience with them?—A. Well I have already given you a few.

Q. Is there anything further you want to say on that subject?—A. Well, of course I know where their headquarters are, but you see, you are not allowed to get into the sanctum sanctorum unless you are a member, and you can learn very little outside, but you feel the bite, though, outside, all right.

Q. You and the Conferences have been rather in opposition for a great many years, is that not so, Sir William?—A. That is right.

[Sir William Petersen.]

Q. Now coming back to your lines, with respect to immigration, so that we may get that cleared up, what did you carry passengers from the Continent to Canada—

By the Chairman:

Q. I wonder if I might interject a question here? I would like to get Sir William's views as an experienced shipping man on the economic benefits, or the economic disadvantages of the Conference system, first, in respect to shippers; and second, in respect to shipowners. I wonder if Sir William would give us a few words on that? It is of intense interest to me. I do not know whether it is to the other members of the Committee.

The WITNESS: It is a rather long subject, Mr. Chairman. You hold me down, I suppose?

By the Chairman:

Q. We would rather ask you to speak up.—A. Very well. You want me to speak in a general way?

Q. That is it. Here is the Conference; they come before us and they say, there is a Conference but it is of real benefit not only to ourselves but to the shipping public of the world; it stabilizes rates; it ensures regular sailings; and other words to the like effect. Now you have been a shipping man for fifty years and I would like you to treat the subject, Sir William, succinctly, but fully, giving us your ideas as to whether they are benefits, first of all, to the shippers of the world, and secondly, to the shipowning interests of the world.

Mr. MONTGOMERY, K.C.: You are not looking for an unprejudiced opinion, Mr. Chairman.

By the Chairman:

Q. I do not think Sir William's opinion on this will be any more prejudiced than that given by Mr. Cleminson and Col. Gear.—A. Well, any monopoly or combine by any part of the community is always liable to take advantage of its strong position, I take it. But there is none of such immense scope as shipping concerns spreading themselves all over the world and without going into an explanation about the general situation of the whole world's shipping, may I be allowed just to confine myself to Canada? I have already been slogged in other parts of the world, where I did not deserve it. As far as Canada is concerned, I do not mind a little more slogging because I know I deserve it. Canada is in a very peculiar position, in this way; that here we have all the Conference lines combined in one big mass. Every individual line, mind you, can go and catch the freight and passengers apparently independent of each other, but the one dare not cut the rates against the rates dictated at Montreal, New York, and Leadenhall Street in London. Now why are these rates maintained at a high level? The situation of Canada at present is this: that with the restrictions of immigrant traffic into the United States, some of the big steamers of the lines now running to Canada have become a drug in the market. Take the Carmania, and several other very expensive ships, running into millions, running under an organization enormously expensive, they carry of course, as many emigrants as they can westbound, and as much cargo as they can get; but when they arrive here in Canada, they are only able to carry, some of them, half the cargo that I propose to carry in my cargo boats. Consequently they are bound to keep up the rates as high as possible in order to make ends meet.

Let me give you an instance of one ship, the Aurania. She is 14,000 tons gross register; she is 16 knot speed; she will carry a thousand immigrants and some hundreds of second class passengers. She cost a million sterling to build last year and she was delivered in February. She has nurseries, kindergartens,

[Sir William Petersen]

winter gardens, gymnasiums, extravagant bills of fare for the emigrants and all these attractive frills, and she gets of course a number of emigrants across and a good deal of westbound freight, but when she loads in Montreal or Quebec, or wherever she loads, she is only able to carry 6,000 tons dead weight back, and therefore they are bound to keep the rate as high as possible to make a ship like that pay its way both ways. They are bound to lose money on a ship like that. Whereas, if they had not gone to the extravagant limit they have now, perforce perhaps, on account of the United States Act restricting immigration but had confined themselves to an ideal cargo ship to carry a maximum amount of cargo on an economical basis, with a fairly large number of emigrant accommodation on an economical basis, without too long bills of fare, too many stewards to wait upon them to carry these westbound people, that ship—what I call “an intermediary ship” would beat them all. You cannot—I am sure you will all realize—afford to run a 60 mile an hour trains, carrying mail and passengers, and load that train with bricks and iron girders; if you do that, somebody has to pay the bill. And so it is with these extravagant ships, at enormous first cost, somebody has to pay the bill for the extravagance, and for these frills. Who has to pay? Why, of course, the Canadian shipper. There is no question about that. There is no sane man would deny that. And therefore my ships of course I have designed and put up particularly for this contract.

Q. Sir William, I do not want to interrupt you, but rather than enter upon the details of comparison between your own and Conference ships, I would like to direct your attention more nearly to the Conference system as a system.—A. Have I not already explained that, Mr. Chairman?

Q. Perhaps, in a few words, you might continue.—A. The Conference system here is well known. It has been brought out in evidence and I think it is well understood by everybody. Rates are dictated in Montreal; rates are dictated in New York; but not only are rates dictated in New York and Montreal, but the Montreal people here—I think Col. Gear will perhaps bear me out also—at times influence the shipper from Europe, and when an outside line attempts to get freight from the east to go to Canada, a cable will be sent to that shipper, to give the Cairns line or some other line the preference. Now you see it is very difficult under a system like that for any outsider to attempt to run a line. You could not attempt it without a subsidy. I knew of a line running here last year, with very excellent management, called “Lloyds Italiana;” he wanted to establish trade between Canada and Italy and he dropped £30,000, and the little freight he secured from the Mediterranean was cut away from him by instructions received from Montreal.

By the Chairman:

Q. What I was particularly anxious to get from you, Sir William, was some ideas along the lines of what was set forth in the Minority Report of the Commission that examined on shipping rings in the Old Country in 1906, or 1909. For instance, the Minority Report found that the system of shipping rings had been injurious to tramps. I will read:

“The system has been injurious to tramps, the strongest element in the British Mercantile Marine, and it leads . . . to higher rates of freight.”

I must say I do not quite understand how it hurts the tramps, and I would be glad if you could tell me whether that corresponds with your idea, and if it does, you might explain it.—A. Yes. Shall I give you one concrete instance here, bearing again upon Canada?

[Sir William Petersen.]

Q. First of all you might tell us whether you agree with that statement.—
A. Yes, to a certain extent I do, but that statement is a very general statement, and applies to the whole of the world's shipping, you might say.

Q. You can give us your specific instance, then, Sir William.—A. Well, of course, where a Conference line trades they have their connections and their agents there, always collecting freight for them, for the various sailings. Now, if they have anything to spare which the liners cannot carry, they hold the cheapest freight and that is left for the tramp steamers, as you call them, whereas the choice freight with the higher rates, of course, is shipped by the lines represented by the agent.

By Hon. Mr. Stevens:

Q. If the tramp steamer will take that freight at a lower cost, why should it not get it?—A. They never get it but at a lower cost, because it is always in the agent's hands to dictate the rates. You cannot always go into an open market with a tramp steamer, unless there is a spurt somewhere in grain. I give you the example of my steamer which I had here recently. I secured freight for that ship in Europe, otherwise I would never have sent my ship here empty; I would not have got a pound of cargo, I do not think.

The CHAIRMAN: Perhaps you would continue, Mr. Symington.

By Mr. Symington, K.C.:

Q. I was coming at the time, Sir William, to what price you charged for emigration service. I mean, what did you charge the emigrants?—A. £3-10.

Q. That was when?—A. That was in 1907 and 1908 and 1909. In 1909 it was raised to a higher figure, £4-10, I think, and when the Royal Line boats came on they charged more; of course, they were more expensive ships; it was something like £6.

Q. First coming back to your £3-10 rate, from 1904 and on—or did you say 1904?—A. No, 1907.

Q. What was the Conference rate at that time?—A. The Conference rates and the German pool lines rates were £7, £6-10 or £7.

Q. So that at the time you installed your service in 1907 the German pool lines and the Conference lines were charging between £6 and £7, at the time you put in the £3-10 rate?—A. Yes.

Q. Is that when the control stations came in, then?—A. No, the control stations were in existence prior to that, but I had been compelled, on account of the control stations, to divert my lines to Rotterdam.

Q. Did the Conference rates show any change when you started carrying at £3-10?—A. When they saw I went to Rotterdam and continued to get emigrants from there, they started to cut their rate, but a general rate war took place between the Cunard Company, White Star, and the German pool lines, and both sides cut the rate very low, how low I do not remember. But that rate only lasted a few weeks. During that rate war I had to reduce mine a little; I think I reduced mine to £2-10, in response, but that was only quite temporary.

Q. You continued charging your £3-10 up to the end of—?—A. Up till the end of 1909, if I remember correctly, or the beginning of 1909.

Q. In the meantime, what had happened to the Conference rates, when this rate war was over, this short rate war?—A. They came back, they agreed upon the rates between them. It was not a question only of rates between these companies, it was also a question of the number allocated to the various lines. You see, the German pool lines in those days had absolute control of the emigration business, and they very kindly allowed us in Great Britain one-quarter of the whole of the emigrants, and kept the three-quarters themselves. The rate war was brought about by the companies, to have that proportion of

the emigrants adjusted, irrespective of rates; the rate war was fought for two reasons, but at all events I came into it and had to modify my rates to meet their lowered rates while they were fighting.

Q. I understand you say that continued only for a few weeks?—A. Yes. You may take it, on the average throughout, my rate was £3-15 up to 1909.

Q. And theirs was back to the £6 and £7 after the war, following the rate war?—A. Yes.

Q. Their rates returned to what they had been before?—A. Yes, and they made some adjustments about the traffic, which I do not know about.

Q. Now, Sir William, about that £3 rate, did you make any money at that rate?—A. Yes.

Q. Was it a profitable service?—A. A profitable service, yes. I had, in addition to emigrants, of course, a good deal of freight and a good deal of freight eastbound, but the ships I ran the emigrants in had no kindergartens or swimming pools and that sort of thing. They had very wholesome food and very fine quarters and were much cheaper ships than you see here, these luxury ships, as I call them.

Q. You have healthy ships for the immigrants?—A. Yes.

Q. You never got the immigration or health authorities raising any trouble about it?—A. Never.

Q. And did you get sufficient business to command the capacity?—A. We got so much business we did not know what to do with the immigrants in Rotterdam, and we had to build a hotel to lodge them so as to fit in with the sailings of the ships, and keep them in that hotel for a fortnight before we could ship them.

Q. Well, Sir William, have you had any immigration experience in carrying immigrants since 1909?—A. Right up until 1910. No, not since 1910.

Q. Not since then?—A. No.

Q. What are your views, from your experience, as to the possibility of carrying immigrants for less than the present Conference rate of \$75?—A. What is my view?

Q. Yes, as to the possibility of carrying immigrants at a less rate than they are being carried for at present?—A. It all depends on the ships they are carried in. If you want to carry a class of immigrants who can afford to pay for swimming baths, and gymnasiums, and that sort of thing, you will get some of that class, but very few of them.

Q. Let me put it this way, then; to carry them in clean, airy, reasonably healthy accommodations, and give them reasonably good food, do you care to say what they can be carried at?—A. Under present conditions, at eight or nine pounds.

Q. For eight or nine pounds?—A. Yes.

The CHAIRMAN: \$45.

Hon. Mr. SINCLAIR: About \$42.

By the Chairman:

Q. You do not suggest that the third-class quarters in these finer ships have swimming baths for the third-class passengers?—A. I do not think I quite meant that, because the average immigrant does not take many baths coming across. I really meant kindergartens and other luxuries of that kind, which the average immigrant does not look for, as he has not been accustomed to those things in his own country.

By Mr. Symington, K.C.:

Q. What you mean, Sir William—for instance the evidence was given here that the accommodation here to-day for the third-class immigrant is about

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equivalent to the cost of the first-class passage in 1914?—A. That is about it, sir.

Q. And you say you can give reasonable service, under clean, wholesome and healthy conditions for about eight or nine pounds?—A. Yes.

The CHAIRMAN: This Committee stands adjourned until 3.30 p.m.

The witness retired.

The Committee adjourned.

The Committee resumed at 3.30 o'clock, p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Sir William, will you please resume your seat?

Sir WILLIAM PETERSEN: I will, sir.

Sir WILLIAM PETERSEN recalled.

By Mr. Symington, K.C.:

Q. Sir William, I understand there was a correction you wanted to make in your evidence of this morning?—A. Yes, I would like to say that I mean to say the date when I met Mr. Low in London was a few weeks—

Q. You said "a few days" this morning?—A. I meant a few weeks after the end of June.

Q. When you first met Mr. Preston?—A. I met Mr. Preston at the end of June, and a few weeks later I met Mr. Low.

Q. Approximately when? In August some time?—A. No, at the end of July sometime; the 27th or 28th, something like that.

Q. Sir William, at the adjournment we had, I think, finished my questioning in regard to immigration, and you had in answer to a question by, I think, the Chairman, given some views about the nature of the services on the North Atlantic now?—A. Yes.

Q. Now, you operate what I have heard described here as corrugated ships of the Monitor type, is that it?—A. Yes.

Q. Would you kindly explain the nature of these ships to the Committee?

The CHAIRMAN: Speak right up, Sir William. Throw your voice out, please, so that the members of the Committee can all hear.

The WITNESS: This is a bad room for acoustics, and now we are coming into hydrostatics. Lord Kelvin said at one time that there were three things which nobody ever understand, acoustics, hydrostatics and women.

Mr. MONTGOMERY, K.C.: That is a somewhat revised edition of Solomon.

Sir EUGENE Fiset: He should have put the last one first.

The WITNESS: Now, we will come to corrugated ships. It is a very difficult question to tackle, because you have to explain it scientifically, apart from commercially. The formation of the ship itself— . . . I was going to say it is necessary to enter the science of hydrostatics now for a few moments in order to explain how this model of ship is applied economically commercially. The mere corrugations of the ship were originally intended for strength, to increase the strength of the ship, and reduce the displacement weight, supposing this (indicating) represents the straight side of a vessel—

The CHAIRMAN: The witness is now holding in his hand a straight piece of paper.

[Sir William Petersen]

THE WITNESS: If that (indicating) is a plate of steel, or the side of a ship 400 or 500 feet long, you will find, when at sea, it will bend very readily. In order to obviate that we have what you would call "ribs," but we call them "frames" or "uprights." They are very heavy steel frames, probably two feet apart, and then stringers longitudinally in order to keep that plate stiff. Now, if you corrugate that plate you will find you can hardly bend it at all with your hands and the strength is increased 85 or 87 per cent without applying any stringers, and without applying any ribs or frame. Is that clear?

Now, we are allowed, according to the classification, to adopt, for that corrugation, ribs six or seven feet apart, giving us so much more space in the ship; we are allowed one very small stringer to give it longitudinal strength—because we have already got that—and by this means we reduce the material for strengthening the ship. This has been calculated very carefully by Naval experts as reducing altogether the weight of the material in the ship, and enabling that ship to carry more cargo. For instance, the *Rio Dorado*, of which you had evidence the other day, will carry something like 160 tons more cargo than an ordinary ship with the plain sides, and be a stronger ship besides.

Now, in addition to the strength of the ship, there is another advantage. By corrugation you increase the speed of the ship. That is a thing which is quite opposed to the old principles of hydrostatics, because it is evident if you corrugate, you increase what we call the wetted surface, and by increasing the wetted surface you get more friction. The text-books on hydrostatics say it is impossible, however, we have been at this for 20 years or more and we find that they are altering the text-books on hydrostatics.

These corrugations, I may explain,—although it is pretty hard to explain, but I will try to because I ought to—have this further advantage. If a plain-sided ship goes through the water and you look over the ship's side, you will find it is followed by a volume of water probably a foot, or at least a few inches off the ship—a solid volume of water; that volume of water, as you drive the ship through, is keeping the ship back like rubbing it against heavy sand-paper, and the more you increase the speed, the more adherence the volume of water gets, and the more obstruction you get, and that obstruction and adherence keeps on for some feet after the ship, and keeps growing less and less, until the ship rids itself of that obstruction. If you look over the side of a corrugated ship at sea you will find there is no volume of water following it. The moment the ship gathers headway, there is a little curl of water which induces air in between the shell of the ship and the water, and eliminates the water, leaving the sides of the ship free, and as this water is set free and carried along the corrugations, it creates a solid volume of water at the stern of the ship, enabling the propellor to get the fullest advantage of the revolutions. If you look over the stern of any of my corrugated ships, you will meet a sight which you cannot meet on any other ship; you will be able to see the propellor revolving without the slightest trouble. If you do the same thing with any other ship built, you will find the water churning up all the way round, and you cannot see the propellor through the solid water, in which the propellor is doing its work. We have no slip on our propellers,—or a very small one, as compared to the slip on the ordinary ship, which runs up sometimes to 20 or 30 per cent.

By the Chairman:

Q What do you mean by "slip"?—A. The loss of efficiency. In bad weather, for instance, you will get into a condition where the propellor is not able to perform and give its full efficiency in work. We call that difference between that condition and the normal power, the "slip", and this is carefully calculated by the engineers.

Q. That does not mean when the propellor is out of the water altogether, and is, what is called, racing?—A. No; it means when the propellor is working

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in the water, by the rolling of the ship and other similar conditions—by the pitch of the ship—the propellor does not get the chance to perform full service.

Now, that is the technical part, as I explained, of the hydrostatical part of the construction of a ship, and the reasons are as I have given them to you. We are saving weight in ships like that to an enormous degree, and yet get more strength. The displacement is less, and being less, of course, we get more carrying capacity. That is the scientific aspect, as well as I am able to explain it.

By Sir Henry Drayton:

Q. Is that a patented process?—A. The patent was in force, Sir Henry, but it expired just during the war. I had nothing to do with it. I invented this myself in 1905, and it was then patented, but I had nothing to do with it, and the patent had not expired. I refused to buy some shares which were offered to me by the man who really had control of the company, but who has died in the meantime. A lawyer, a very shrewd man, one of the executors, came to me and said if I would undertake to fight the case before the English Courts, I might get an extension of the patent for a few years on account of the war conditions, and that the shares ought to be worth something. So I bought up all the shares, gave some of them away, and I fought the case in the English Courts, and had all the evidence of the greatest shipping experts, including experts of the Furness-Withy Company, who had to admit they had never had ships like that. They had two of the Monitor type running on a time charter—that is, the Furness-Withy Company—at the time. I won the case, and I go three years extra, and since then the patent has been added to, so it is still in existence on the same principles.

Q. What is the depth of the corrugation?—A. The depth from the water's edge?

Q. Yes, how much do you think it is?—A. Oh, about twenty inches, in a ship of 8,000 or 9,000 tons, probably 22 inches.

Q. Does it run from stem to stern?—A. No, it only runs from where the sharp of the bow ends to the counter of the ship aft, just on the side.

Q. And for how much of the side? What is the height up and down?—A. The corrugation itself?

Q. Yes.—A. The corrugation itself would be probably 18 inches; two of them, one under the other.

Q. So you have two rows of corrugations, 18 inches in depth each?—A. Yes.

By the Chairman:

Q. I did not get your answers to Sir Henry, when he asked you to what extent the corrugations extended along the side of the ship?—A. Along the side of the ship?

Q. Yes.—A. I was just going to hand Sir Henry this photograph, which was sent to me by one of my crew.

Q. Do I gather from this photograph that the corrugation starts just about the place where the ship obtains its normal width?—A. Yes.

Q. And follows along until—A. You get to the counter.

By Sir Henry Drayton:

Q. It commences really a little before that, at the fineness of the bow?—A. Yes.

The CHAIRMAN: It does not go right into the fineness of the bow.

By Sir Henry Drayton:

Q. No; as you leave the fineness of the bow it comes in. It is before you get to the maximum width?—A. Yes.

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Q. It must be there in order to get good results?—A. Yes.

By Mr. Shaw:

Q. I would like to ask the witness why, if two corrugations are good, why not three or four corrugations or more?—A. What is that?

By the Chairman:

Q. Captain Shaw asks you, if two corrugations are good, why would not more be still better?—A. Yes. We began with one, Mr. Shaw; then we started on two. The British Navy copied me, and during the war they stole part of my patent. I beg pardon, I did not mean that word "stole".

Q. "Appropriated"?—A. Yes, appropriated part of my patent, and one of His Majesty's ships was fitted with one bulge of mine, and later on they fitted a great many more. It was fitted first for the purpose of avoiding torpedo attacks, but later they found the speed increased so enormously, and unexpectedly, that they adopted it in a great many ships. Eventually they were going to try two of them, but they thought I was going to protest—which I was not—and they left it at that. We started with one. We found really the result almost as good as we find it with two, but we did not find the rolling diminished so much as it is with two. The bulges create a very steady platform for the ship, and you know the rolling of the ship has a very great deal to do with the economy of the ship, as to wear and tear of everything connected with it. The steadier you can get a ship the less wear and tear you have.

Q. And the more the ship rolls the less fast she goes, too?—A. Yes, that is it. A ship is built to steam at its best on an even keel, of course.

By Mr. Duff:

Q. Is it not a fact that two are sufficient for this reason, that if you put more than two on, the lower one would be too far under the bilge, and unnecessary, and if you put more than two on, the upper one would be up above the water line?—A. That is so. I was just going to explain that to Mr. Shaw, that there was no necessity to have more than two, because you get the result from the water line, and any one you would put above that would be superfluous and would also be an encumbrance in many cases, where a ship is lying alongside a wharf or getting alongside other ships. But the steady platform and the less rolling will, of course, make a ship more efficient, although there are a great many other advantages. For instance, the steering; these ships here, you will find a child will be able to steer them. There is no kicking of the wheel; they go along on a course simply because they are steady, and without any trouble, without any effort. These are, of course, actual reports I have. I have never myself made a voyage, I may state, in any of the corrugated ships, but this is absolute evidence I have to the effect of the performances at sea.

By Mr. Symington, K.C.:

Q. How long has your company operated ships of this kind, Sir William?—A. You are speaking now of my own shipping companies?

Q. Take it that way first, yes.—A. You are not speaking of myself?

Q. No, any company you have any connection with.—A. I have been connected with a great many companies in connection with these ships, because I have been interested financially a little, but I have never been directly interested in the management, except since 1920, in connection with the Turtle ships, which I built on my own account.

By the Chairman:

Q. But have you been connected with companies who were operating these corrugated ships prior to that?—A. Yes, many of them.

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Q. For how long?—A. Since 1906 or 1907.

By Mr. Symington, K.C.:

Q. Now, since you have operated them yourself, dealing with that first, have you watched the results of your voyages?—A. Yes.

Q. You heard your captain and engineer of the Rio Dorado give the figures from their log book, or supposed log book, in any event?—A. I did.

Q. Of the expenses of operating the boat. Would you say from your knowledge of the operations of the other boats that those are correct?—A. Yes, absolutely.

Q. How many of these boats have you, Sir William?—A. Four, and two building.

Q. Your captain gave evidence of some certain other voyages to other parts of the world, as instancing their superiority. Did you know of these voyages?—A. Yes.

Q. Did you go into the figures?—A. Yes.

Q. Were the figures that he gave correct?—A. Absolutely.

Q. Now, it has been stated here, Sir William, by the shipping companies, that grain is the lowest paying cargo.—A. Yes.

Q. And generally speaking, a losing cargo, under three shillings?—A. Yes.

The CHAIRMAN: Three shillings what?

Mr. SYMINGTON, K.C.: A quarter.

By Mr. Symington, K.C.:

Q. Your Rio Dorado has lately made a trip?—A. Yes.

Q. She came, according to the evidence, light from Hull?—A. Yes, from Hull.

Q. She loaded at Montréal for Hamburg?—A. Yes.

Q. And grain was the only cargo?—A. That is so.

Q. Can you give the detail to the committee? Have you any objection to giving the detail of the earnings and expenses of that voyage?—A. None whatever.

Q. Would you do it then, please?—A. Will I hand it to you?

Q. You had better read it.—A. This is a voyage account of the Rio Dorado from Hull to Montreal in ballast, from Montreal to Hamburg with grain.

Q. She is not at Hamburg yet, is she? You want to make that clear.—A. She will be there on Saturday all right.

Q. She will arrive Saturday?—A. Yes.

By the Chairman:

Q. D.V.—A. Oh yes, quite. She was nearly twelve days steaming out from Hull; she was six days in Montreal loading, and I imagine she will take less, but I will reckon twelve days to Hamburg loaded, because I have already cable advices by radio from my ship that she is steaming to Hamburg at a rate of eleven and three-quarter knots, on 25 tons of coal, so I imagine she will be in Hamburg, D.V., on Saturday. That was 24 steaming days, and twelve loading days, reckoning that she will take no more than six days in Hamburg, which I do not suppose she will. That is thirty-six days on the round trip, and her expenses per day including insurance, wages, stores, provisions and extras are £30 per day. £30 multiplied by 36 gives you £1,080. Coal; 24 days multiplied by 25 tons, at 18s.4d., £550, and I have given here extra coal for harbour work, winches and galley and so on, £50. The actual port charges in Montreal were \$6,305.09, which at exchange of \$4.80 is £1,313. Port charges in Hamburg—this is the only figure I estimate, and I think the estimate will be right—£550, giving a total for the whole expenses of the round trip, including fuel, of £3,543. The freight, Montreal to Hamburg, is \$28,728.85, and at

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\$4.85 exchange that is £5,902. Deduct from that freight $2\frac{1}{2}$ per cent brokerage, £147-10- and management, 5 per cent, a total of £443, from £5,902 leaves £5,459 net freight. Take from that the expenses, £3,543 and it gives you a net profit on the round trip of £1,916.

By the Chairman:

Q. Sir William, did you turn the pound into dollars at the same rate in both cases?—A. No, Mr. Chairman, I did not, because the freight is payable in New York at the New York rate of exchange, which is \$4.85. Here in Montreal I calculated the exchange at \$4.80. That is the only difference.

By Mr. Symington, K.C.:

Q. Just hold that statement a moment; I want to ask some questions about it. You have stated to the committee that the only estimate here is the unloading charges at Hamburg?—A. That is right.

Q. Have you some knowledge of what the port charges at Hamburg are?—A. Certainly. I think I am correct here, within a few dollars.

Q. From your previous experience?—A. Yes, and also from information I have.

Q. Now then, you put first, your expense of the ship, at £30 a day?—A. Yes.

Q. Have you got any details of how that is made up?—A. Yes. That is made up of insurance, hull and machinery, plus P. and I. per day £8/11/8; wages, per day, £13/8.

Q. The wage list, I may say, is the wage list which the Captain put in of this, when he was in the box?—A. This I had, before the Captain gave evidence.

Q. He did put in the wage list here?—A. Yes. I hope it does not differ from this very much.

Q. I think it is the same.—A. Provisions, victualling, £4 2 8 per day; deck and engine room, £3 5s per day; extras, 10s, making £29 17 4 per day. I reckon £30 in my calculation.

Q. Then you add the other charges, namely six thousand odd dollars, charges in Montreal?—A. Yes.

Q. These are actual disbursements which you now have, in fact, paid, so that they are actually fixed?—A. Absolutely.

Q. This cargo, we understand, was partly heavy grain and partly light grain?—A. It was nearly all light grain, inasmuch as it was one-third rye and two-thirds oats.

Q. Two thirds oats?—A. Yes. This is the lightest grain you can get.

By Hon. Mr. Stevens:

Q. I thought you said one-third barley?—A. There was a small proportion of barley, but it was one-third rye, not barley; a very small parcel of barley, and the balance, oats.

By Mr. Symington, K.C.:

Q. You remember the charter was one-third rye or barley. I want you to look at Exhibit No. 35, in view of that statement of yours, at page 73.

The WITNESS: I do not know this document, Mr. Symington.

By Mr. Symington, K.C.:

Q. Now, if you will look at Exhibit 35, Sir William, you will find under the heading "1923" the words "per voyage"?—A. Yes.

Q. And under the heading "operating expenses," you will find a series of charges there, starting with port charges?—A. Yes. I see that.

Q. And you will find there "port charges per voyage, \$18,275"?—A. Yes. It all depends on the ports, of course. What ports do you refer to?

[Sir William Petersen.]

Q. That is a composite statement. The port charges which you have just given us, if I got them correctly, were some \$6,800 in Montreal?—A. \$6,305 in Montreal.

Q. About \$2,500 in Hamburg?

Mr. DUFF: \$2,755.

By Mr. Symington, K.C.:

Q. This is at five dollars, \$2,750. Make it \$2,700. That is \$9,500?—A. Yes.

Q. The port charges would vary, according to the cargo, for one thing?—A. yes.

Q. That is, in a mixed cargo, the port charges would be larger than on a bulk cargo, would they not?—A. Yes.

Q. And the charges, while they would not vary, the port being Montreal on this side, they would vary on the other side, dependent on what port they went to?—A. Certainly.

Q. But these port charges, according to the evidence, included stevedoring, and all that sort of thing, Sir William?—A. Yes.

Q. You see that figure is double yours. Would the difference in a mixed cargo, as opposed to a grain cargo, make that difference in your ship?—A. No, it would not. Of course, I do not know the size of the ships here.

Q. Well, I will show you the size of the ships, and you will look them over?—A. This is an average, I take it.

Q. Those are the cargo liners of the Cairn line, the Manchester Line, the Canadian Pacific Line, the Donaldson Line and the Anchor-Donaldson?—A. They are all cargo boats.

Q. If you will look at the tonnage at page, vi-vii in Roman numerals, behind page 94, you can say whether your boats are larger or smaller, than those, on the average?—A. Yes, about the same.

Q. You would say about the same?—A. About the same yes. About the same size, about 8,000 tons on an average.

By the Chairman:

Q. On an average, they would be about that?—A. Yes.

Q. So that it will not be altogether in the realm of assumption, perhaps the witness will tell us just what the charges for loading that grain cargo that he had at Montreal were?

EXHIBIT No. 91

CABLE ADDRESS "MACARTHY" MONTREAL Montreal Port Charges for ss. Rio Dorado

T. R. McCARTHY REG'D

(Montreal Branch of J. F. Whitney & Co., New York)

STEAMSHIP AND FREIGHT BROKERS

MONTREAL, May 26th 1925.

SS. Rio Dorado and Owners (Petersen & Co. Ltd., Mgrs.) and Owners arrived from Hull, May 13th, 1925. Sailed for Hamburg, May 20, 1925.

	Dr.	
Received for disbursements from Simpson, Spence & Young exchange on American check at $\frac{1}{16}$ per cent.	\$ 4 25	\$6,800 00
Attendance fee.	150 00	
Bags and separation cloths.	1,035 25	
Bill of health.	1 00	
Boatman at Quebec.	5 00	
Board of Trade shipping fees.	1 80	
Bunker coal.		
Cash to captain.	270 00	
Charts		
Consul fees.	11 00	
Doctor.		

[Sir William Petersen]

Elevating grain—

100,000 bushels Rye.. . . .	\$ 400 00
356,554 bushels Oats.. . . .	1,426 20
Overtime.. . . .	40 00

1,866 20

Harbor commissioners water.. . . .	
Immigration.. . . .	
Laundry.. . . .	7 05
Pilotage: sea to Quebec.. . . .	54 18
Pilotage: Quebec to Montreal.. . . .	58 00
Pilotage: Montreal to Quebec.. . . .	106 33
Pilotage: Quebec to sea.. . . .	88 97
Pilotage: Apprentice—inward.. . . .	10 00
Pilotage: Apprentice—outward.. . . .	15 00
Pilotage: Harbor.. . . .	10 00
Port warden.. . . .	8 00
Postage, petties, war tax stamps, etc.. . . .	5 00
Repairs.. . . .	65 85
Shipping federation.. . . .	
Ship chandler.. . . .	224 91
Sick mariners' dues: 276 tons at 2 cents per net. reg. ton.. . . .	55 32
Stevedoring.. . . .	1,087 42
Fittings.. . . .	1,348 08
Telegrams and cables.. . . .	17 49
Towage 40-80-40.. . . .	160 00
Wharfage on ship's stores.. . . .	1 00
Watchman.. . . .	30 00
Balance in favor of steamer.. . . .	102 90

\$6,800 00	\$6,800 00
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E. & O. Ex.,

J. F. Whitney & Co.,

Per.....

Mr. SYMINGTON, K.C.: He gave it as \$6,305.

Hon. Mr. STEVENS: That is for the port charges.

The CHAIRMAN: Stevedoring charges, for putting on board the grain.

By Mr. Symington, K.C.:

Q. Can you give the Committee that \$6,300 divided up?—A. Yes. Here we are.

The WITNESS: These two items here, cash to Captain and the ship chandler, have to be deducted from the total, which is \$6,800.

The CHAIRMAN: What I wanted to get at was, what it costs to put this cargo on to the vessel.

The WITNESS: It is detailed there.

By Mr. Symington, K.C.:

Q. From your agents' brokerage commission, the following items. Perhaps I had better read it: "Attendance fee, \$150." Is that a port charge?—A. Yes; attendance or agent's attendance.

Q. Is that not covered in the brokerage charge which you gave us?—A. No.

Q. Bags, \$1,035.25.

The CHAIRMAN: What is that?

Mr. SYMINGTON, K.C.: Bags. Just explain that. You had bags.

The WITNESS: The ship has such a large cubical capacity that she would not load herself fully, even with light grain; in order to keep the cargo steady they had to bag a certain quantity, and they used about 8,000 bags to fill up that empty space, which otherwise would have been left vacant.

[Sir William Petersen.]

By Mr. Symington, K.C.:

Q. If you had some flour or general cargo on top, that would not be necessary?—A. No, certainly not.

By Mr. Duff:

Q. You should not include the cost of those bags in the port charges, because they can sell those bags when they get to Hamburg—A. That is true.

By Mr. Symington, K.C.:

Q. At any rate he had included them in his port charges. You will be able to sell those bags in Hamburg, so there would be a credit on that amount?—A. I suppose there would be a reduction, but I do not know; I did not take that into consideration.

By Sir Henry Drayton:

Q. That would reduce the total amount of your port charges?—A. Yes.

By Mr. Symington, K.C.:

Q. Bill of health, \$1.00; boatman at Quebec, \$5; Board of Trade, shipping fees, \$1.80; Consul fees, \$11; elevating grain, 100,000 bushels of rye, \$400; 356,554 bushels of oats, \$1,426.20; overtime, \$40.

Mr. MONTGOMERY, K.C.: What is that figure again, if you do not mind?

Mr. SYMINGTON, K.C.: 356,554 bushels of oats, \$1,426.20. Overtime, \$40, or a total for elevating grain of \$1,866.20.

Hon. Mr. STEVENS: What is the overtime?

Mr. SYMINGTON, K.C.: \$40.

By Mr. Symington, K.C.:

Q. That would mean the loading after a certain hour?—A. Yes.

The CHAIRMAN: Does that elevating of the grain include the trimming of the grain in the boat itself?

Mr. SYMINGTON, K.C.: I was going to give you all the charges, so you can decide. Laundry, \$7.05; Pilotage, sea to Quebec, \$54.18; Quebec to Montreal, \$58; Montreal to Quebec, \$106.33; Quebec to the sea, \$88.97.

By Mr. Rinfret:

Q. It costs more to come back?—What is the reason for that?—A. Well, I think so; a loaded ship.

Sir HENRY DRAYTON: One is loaded and the other is light?

Mr. DUFF: It is paid for by the foot of draft.

Mr. RINFRET: Who is going to tell me that?

The WITNESS: The ship loaded, would cost more in pilotage than the ship inward light, I take it, because they get paid according to so many feet draft, and she would pay more going out than coming in.

By Mr. Symington, K.C.:

Q. Still under the heading of pilotage: Apprentice inward, \$10; apprentice, outward, \$15; pilotage, harbour, \$10; Port Warden, \$8; postage, pettys, war tax stamps, etc., \$5; repairs, \$65.85. What was that?—A. Well, that ought not really to go in there, but it is a small item. I could not find out what it was but I think they did injury to some part of the wharf, or something on the wharf and not on the ship, but the agent told me he could not tell me what it was when I inquired. I left it in. It was not repairs to the ship, as far as I understand. It was some damage to something that they had done on the quay, which had to be done, and which was paid for by the ship.

[Sir William Petersen]

Q. Sick Mariners Dues, 2,766 tons, at two cents per net registered ton, \$55.32; stevedore, \$1,087.42; fittings, \$1,348.08. What is that?—A. That is fittings; wood fittings, making certain compartments. According to Act of Parliament, you are only allowed to stow so much grain in one compartment; also to prevent shifting of the cargo, and I take it that some of the rye required some of these fittings, in addition to bagging.

Q. I say, would those fittings be useless after this trip?

Hon. Mr. STEVENS: There would be some salvage.

The WITNESS: The value would be very small I should think. It would amount to wood cut up.

By Hon. Mr. Sinclair:

Q. Firewood?—A. Yes, firewood. I think the most of that would be in labour. Expended in labour probably.

By Mr. Symington, K.C.:

Q. Telegrams and cables, \$17.49. Towage, forty-eight forty—\$160, what does that mean?—A. A tug getting hold of the ship to pull her around.

Q. A tug at the wharf?—A. Or getting her into the wharf. There is a heavy current in the harbour where they require tugs to pull the ship.

Q. Wharfage on ship's stores \$1, watchman \$30. That completes your agent's account to you, Sir William?—A. That is so. That is complete because it is paid.

By the Chairman:

Q. I have taken down as purely stevedore charges, charges connected with the loading of the ship, these figures: \$1,866.20, \$1,087.42, and \$1,348.08. I took those as being the cost of putting the cargo aboard.—A. That is right.

The CHAIRMAN: Adding those three amounts which I gave, together, they come to \$4,301.70. Am I right?

Hon. Mr. STEVENS: Yes.

Sir EUGENE Fiset: What does it matter? The statement is complete. It does not matter whether they are port charges; I think it is a wonderful statement; it should be read into the evidence so that it will be available for us afterwards. I should think it should be put in as it stands.

By Mr. Symington, K.C.:

Q. Then, Sir William, I go back to Exhibit 35, at page 73, in 1923 the average of the composite statement of the cargo boats of the Conference lines, the port charges were \$18,275, as opposed to \$9,000, including all the figures that we have just been disputing. Now would you say that the difference in port charges on your boat, of \$9,000, or double, would be made up by the difference in cargo or by the difference in port?—A. The port charges for the same size ships—the ship is the same but the handling of the cargo would of course differ.

Q. You mean the port dues are the same?—A. I mean the port dues.

Q. But the handling of the cargo would vary with different classes of ships?—A. That is so. Of course this has been rather sprung upon me, and I do not see how that enormous difference comes in.

Q. My friends don't believe it has. They smile when you say this has been sprung upon you, but so far as I am concerned it is correct.

By Mr. Duff:

Q. I should like this cleared up. Sir William gave \$6,697.10 as one of the charges.

Mr. SYMINGTON, K.C.: \$6,305 isn't it?

Sir EUGENE Fiset: The total shown on the statement is \$6,697.10.

Mr. SYMINGTON, K.C.: He explained, Mr. Duff, that he took out ship's chandlers.

By Mr. Duff:

Q. The total shown on this statement, Sir William, is \$6,697.10, which includes bags and separation cost, \$1,035.25; and cash to Captain \$270; ship's chandlers \$224.91. Now would we not be right in deducting those last three amounts which total \$1,530.16, which makes the port charges, instead of the \$6,300, I think, which you gave, \$5,166.94?

Hon. Mr. STEVENS: You could not deduct all of that with regard to bags, because the sacking would cost considerable and the salvage from the bags would only be what you could sell the old sacks for.

Mr. DUFF: It is not for bagging, Mr. Stevens. It just says "Bags and separation cost."

Hon. Mr. STEVENS: That is for stowing those bags, for the separation of the cargo.

Mr. DUFF: No, the stevedoring is the storing.

Mr. SYMINGTON, K.C.: No, there is \$1,000 for stevedoring.

Hon. Mr. STEVENS: The salvage out of those bags would be what they are worth to sell.

Mr. DUFF: Suppose they are worth half of what they cost, they would be fair I think. I am willing to put it that way, so instead of the disbursements for port charges, being \$6,300, they would only be about \$5,600.

By Sir Henry Drayton:

Q. How many sacks were there, Sir William?—A. I think 8,000.

Sir EUGENE Fiset: Would not that simply accentuate what difference there is.

By Hon. Mr. Stevens:

Q. What do they cost?—A. I think they run to a shilling a bag, and a shilling for handling, filling and putting down, £400. That is pure conjecture on my part. I was told that by one of the clerks.

By Sir Henry Drayton:

Q. Are the bags cotton or jute?—A. I think they are jute bags.

Q. I think that is wrong then.—A. It may be that I am wrong.

By the Chairman:

Q. That is your impression anyway?—A. Yes, that was my impression.

The CHAIRMAN: Sir William was asked by Sir Henry whether they were jute bags or cotton bags. Sir William's idea was that they were jute bags; he is not positive but that is his impression.

Sir EUGENE Fiset: Jute bags would not be worth twice the value of cotton.

By Mr. Symington, K.C.:

Q. In that charge for bags and separation, there is also a charge of stevedoring \$1,087. Is that for loading the bags?—A. Loading the bags, I take it, and trimming the cargo. Instead of the grain being poured in from the spouts.

Q. So that Mr. Duff's suggestion that whatever salvage there is in the bags at Hamburg should be deducted from that amount?—A. Yes, that would be correct.

Q. Have you any idea what that would be?—A. None whatever. There would be some, I should think.

[Sir William Petersen]

Mr. DUFF: At least fifty per cent.

Sir HENRY DRAYTON: A percentage of the filling, loading and trimming.

Mr. DUFF: But that is charged extra.

By Mr. Symington, K.C.:

Q. That is what I have sought to clear up. What is the stevedoring additional charge of a thousand? Sir Henry suggests that the filling of those bags and putting them on board is in addition?—A. I think that is so, Sir Henry. The filling of the bags, and the trimming and the cargo, must constitute the stevedoring.

By Sir Henry Drayton:

Q. I thought you told us a moment ago that the charge was one shilling per bag, and one shilling for filling which brought the amount up to £400.

Mr. DUFF: What is that, Sir Henry?

Sir HENRY DRAYTON: He divided it before, so much for the bags, and so much for filling the bags.

Mr. DUFF: And how much was that?

Sir HENRY DRAYTON: The bag, a shilling; and the filling, a shilling. Per hundred, was it? Or four hundred? I forget what he said.

Mr. DUFF: If you multiply that by 8,000 it will go two thousand.

Mr. SYMINGTON, K.C.: Yes, that cannot be right. A shilling a bag cannot be right because with 8,000 it would be more.

Sir HENRY DRAYTON: I understand jute bags are worth 5 to 10 cents.

Sir EUGENE Fiset: Cotton bags might be, but jute are worth more than that. They would be 17 to 18 cents, that is what we pay down below.

Sir HENRY DRAYTON: Oh, not at this port.

The CHAIRMAN: Let us leave the question of bags then and proceed with other aspects of the case.

Mr. SHAW: Could Sir William give us any idea in a rough way of a comparison of port charges in England—in the ports of the United Kingdom as compared with Hamburg?

By Mr. Symington, K.C.:

Q. Yes. Sir William, Mr. Shaw has asked if you can give any comparison of the port charges, Hamburg and the United Kingdom ports?—A. Yes.

Q. Would you do that, please, if you have it?—A. I have a cable here. I was anxious to get this from absolute records. The cable is dated somewhere in the beginning of this month, the 3rd May I think:

“Cost of discharging Canadian general cargo including timber London port charges £700 stevedoring £1,490 Liverpool port charges £600 stevedoring £1,280 Antwerp port charges £350 stevedoring £425 Rotterdam port charges £350 stevedoring £560 Hamburg port charges £450 stevedoring £600 stop these figures approximate only and are based on 9,000 deadweight steamer carrying 8,500 cargo stop if nature of cargo stipulated more accurate figures could be given.”

That is as near as possible. This is Canadian typical general cargo upon which I got these figures. Of course any statement of that kind must inevitably be approximate to some extent, unless you go into the details of every ship.

Q. On those figures, as I gather it then, not saying that they are correct, but for comparative purposes, how does Hamburg compare with the other ports?

[Sir William Petersen.]

Hon. Mr. STEVENS: Much less.

By the Chairman:

Q. Did Sir William answer Mr. Symington's question?—A. I did not hear it, Mr. Chairman.

Mr. SYMINGTON, K.C.: I asked if you noticed how Hamburg compares with other ports.

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Lower or higher?—A. Lower.

Q. I notice they are not lower than Rotterdam, they are higher than Rotterdam.—A. Yes, but I am speaking of London and Liverpool. They are lower than those.

Q. We will go through the lot. Antwerp was £350 port charges as opposed to £450 at Hamburg; and stevedoring £425 as opposed to £600 at Hamburg. So that Hamburg is higher than the Continental ports of Antwerp and Rotterdam according to this information?—A. Yes.

Q. Then coming to the United Kingdom ports: Liverpool port charges £600 as opposed to Hamburg £450.—A. Yes.

Q. And stevedoring £1,280 as opposed to £600 or over twice as much. And London port charges £700 as opposed to £450; and stevedoring £1,490 as opposed to £600. So that the United Kingdom ports are—taking London £2,190 as opposed to £1,050 in Hamburg—just about double?—A. Yes.

Hon. Mr. STEVENS: I was going to ask Sir William Petersen this question; when he mentioned what he called port charges and so on, he gave us the charges at Hamburg as 550 pounds for port charges.

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. This telegram indicates that the port charges were 450 pounds plus 600 pounds for stevedoring, or 1,500 pounds?—A. Yes. I may tell you that that telegram does not state it quite correctly. It says one thousand for stevedoring. That is so absurd that it needs no explanation. For grain they have elevators alongside the ship, and they suck up the grain in a few hours without any expense, and I had all charges for stevedoring at 150 pounds.

Q. Even at that, do you think you allow enough for stevedoring there?—A. I do, yes.

Q. For all other than the fixed port charges?—A. Yes.

Q. Don't you think that is pretty cheap?—A. No, I think not. I have had pulp grain discharged very cheaply.

Q. I know that, but it cost you some \$4,300, made up of these various items to load it, and that would be about 900 pounds?—A. Yes.

Q. Surely it would cost more than 100 pounds to unload what costs more than 900 pounds to load, when you unload it from spouts out of the elevators?—A. But I am talking of Hamburg. It goes into the spouts, the same as it comes out. I see your point, Mr. Stevens, and I told you from the outset that that was the only figure in the whole of the figures that was an estimate; all the others were facts. I am not able to estimate within those few pounds.

Mr. DUFF: Did you say it cost \$4,300 to load a cargo at Montreal, Mr. Stevens?

Hon. Mr. STEVENS: No. I said, that the charges set forth in that account amounted to \$4,300 in Montreal, and that included the sacking.

Mr. DUFF: You mean the sacks, not the sacking?

Hon. Mr. STEVENS: The sacking and the sacks, both. You have to fill the sack, and that is sacking, and there is a charge for that.

[Sir William Petersen]

Mr. DUFF: You include in the charge of \$4,000 something for sacks; what do you include in the \$4,300? The \$1,000?

Hon. Mr. STEVENS: Yes.

Mr. DUFF: You deduct the amount of salvage you would get?

Hon. Mr. STEVENS: What salvage would he get?

Mr. DUFF: If he had it in his cargo, it would be in bulk. That is not a port charge at all, and it ought to come off.

Hon. Mr. STEVENS: I am talking about stevedoring, not port charges. I am talking about stevedoring in unloading, and was asking Sir William this question. In his account, which is a sample account only, he gave us a figure of 550 pounds for Hamburg and that the 480 pounds was the fixed port charge; but according to the telegram he received, allowing 100 pounds for unloading 7,000 or 8,000 tons of grain, in view of the fact that his account shows \$4,300 including sacking for the loading of that grain—but I am not going to squabble about that—is there not a large discrepancy between that and the 100 pounds for unloading?

The WITNESS: Let us take stevedoring. In Rotterdam, for instance, the stevedoring there is 560 pounds.

By Hon. Mr. Stevens:

Q. What is that for, Sir William?—A. For general cargo.

Q. Which is very much more expensive, I know. Suppose we put the stevedoring at 425; Hamburg is the one in question. At Liverpool the stevedoring is 1,280, and in London the stevedoring is 1,490. The point that I want you to explain is this; if the stevedoring on a general cargo is as follows: 560 at Rotterdam; 425 at Antwerp; 1,280 at Liverpool, and 1,490 at London, isn't the charge of only 100 pounds for this cargo of grain too low in Hamburg? That is my question?—A. Maybe you are right, Mr. Stevens. As I told you at the outset, this is an estimate. I had not even seen my telegram. To tell you the truth, I thought the charges would be about 350 pounds, speaking from memory, but I have no record of it.

Q. For stevedoring?—A. No, port charges, and I thought if we put it at 200 pounds it would be sufficient, but we will put some of Mr. Duff's salvage bags in.

Mr. DUFF: Before we leave that, Mr. Stevens, there is an item of 1,400 pounds for stevedoring at London?

Hon. Mr. STEVENS: Yes.

By Mr. Duff:

Q. With your knowledge of the carriage of grain, Sir William, do you mean to say that it would cost 1,400 pounds for stevedoring to unload that cargo of grain in London?—A. No, this is a general cargo.

Q. Is it not possible that that cable means cargo in and cargo out, two cargoes?—A. That is true.

Hon. Mr. STEVENS: It does not say so.

Mr. DUFF: I know it does not.

The WITNESS: But that is very likely the explanation, I cannot tell.

Sir HENRY DRAYTON: We have had lots of suppositions, I suppose we can have another one all right enough. We can suppose that too.

By Mr. Duff:

Q. That is, with a general cargo either in or out; wouldn't 1,400 pounds discharge a general cargo in London?—A. No, I don't think so. Do you mean in and out?

Q. Just one way?—A. No, I don't think so.

Hon. Mr. STEVENS: Let us take Mr. Duff's view of Montreal, and cut off \$1,000; that leaves \$3,300 to put that grain aboard in Montreal, to load it from elevators, I suppose.

Sir HENRY DRAYTON: Without any in or out.

Hon. Mr. STEVENS: That is just loading, and I submit that \$485 or 100 pounds is too small an allowance to make for a service that costs \$3,000.

By Mr. Duff:

Q. Would labour be any greater at Hamburg, in discharging that cargo of grain?—A. Very little, because it is all done mechanically.

Q. That is, assuming that you get the cargo from the spouts?—A. That is so.

Q. They put the spouts in to the bottom of the ship?—A. They put the spouts into the ship, and the grain is sucked up like water. There is no labour required.

By Hon. Mr. Stevens:

Q. Plus the taking out of 8,000 sacks and plus the taking out of the fittings, the lumber and all that?—A. Yes.

Sir HENRY DRAYTON: I think we had better leave the guess work, and go on with something else.

By Mr. Johnston:

Q. In estimating the port charges at Hamburg, you allow 200 pounds for unloading?—A. Yes.

Q. And 350 for port charges?—A. Yes.

Hon. Mr. STEVENS: The actual elevating charges were \$1,866.20. In addition to that there were 1,035 bags and separations and stevedoring, 1,087, and the actual loading expenses apart from towage, portage and such things.

Mr. DUFF: What do they amount to?

Hon. Mr. STEVENS: Somewhere about \$4,300, including the bags and separation.

The CHAIRMAN: We will proceed to another aspect of the case with the permission of the Committee.

Q. Sir HENRY DRAYTON: It would be interesting to find out why it is so much more expensive to drop grain down into a boat than to take it out of a boat.

Mr. DUFF: And there is another charge we had better have explained. There is a large charge there in the elevators.

Hon. Mr. STEVENS: That has nothing to do with the stevedoring at all.

The CHAIRMAN: That is elevating.

Mr. DUFF: That charge would not come in under Unloading, would it?

Hon. Mr. STEVENS: Yes, why wouldn't it? Don't you elevate out of a boat as well as into a boat?

Sir HENRY DRAYTON: I think we have gone far enough, Mr. Chairman.

Mr. DUFF: We want to get it straight, that's all.

The CHAIRMAN: Go ahead, Mr. Symington. Those who are in attendance upon the Committee will kindly refrain from conversation, so that we will be able to hear what the witness says.

Mr. RINFRET: Did Sir William explain why the port charges are higher in the United Kingdom ports than on the continent?

The CHAIRMAN: He did not, and I don't know whether he can or not.

[Sir William Petersen]

By the Chairman:

Q. Sir William, can you explain why the port charges are higher in United Kingdom ports than they are on the continent?—A. The only reason I can attribute for that is that it is a higher class of labour; I can see no other reason.

Mr. RINFRET: I got that, but I was expecting more.

By Mr. Symington, K.C.:

Q. Apart from the stevedoring, who fixes the port charges? Is it by Government regulation?—A. It is a Government port regulation.

Q. And the port dues?—A. That is a Government regulation.

Q. They seem to be higher in United Kingdom ports than on the Continent?—A. The port dues?

Q. He was asking for port charges, including port dues I suppose?—A. The charges are regulated by the London Port authorities, and dues are regulated by the Government, By Trinity House and institutions of that kind.

By the Chairman:

Q. In other words, the dues imposed by the authorities in the United Kingdom are higher than those imposed upon the Continent similarly?—A. Yes. If you refer to the loading and unloading, I would say that the cost of labour is much higher in England than on the Continent.

Mr. RINFRET: I think that is the explanation.

By Mr. Symington, K.C.:

Q. Will you turn to Exhibit No. 35 again, Sir William? The second item is fuel?—A. Yes.

Q. The average cost per voyage is \$9,708?—A. Yes.

Q. You gave us a figure, or your engineer gave us a figure of how much?—A. I think he gave me a figure 550 pounds.

Q. Have you that sheet of yours?—A. Yes.

Q. 550 pounds, and 50 pounds for the harbour?—A. Yes.

Q. In other words, you put in 600 pounds?—A. For the round trip.

Q. Is there any doubt about that, Sir William; is there any estimate about that at all?—A. None.

Q. Do you know how many tons of coal your boat shipped at Hull?—A. Yes, and I know how many she left here with, 610 tons; I will give you the exact amount.

Q. That is near enough. You know that the figure is correct, in other words?—A. Yes.

Q. You told us the price you paid for Yorkshire coal, 18 shillings?—A. And fourpence.

Q. So that when you come to the average fuel charges you have, roughly speaking, \$2,500 or thereabouts as opposed to \$9,708 for a conference voyage?—A. Yes.

The CHAIRMAN: Say \$3,000.

Mr. SYMINGTON, K.C.: At \$5, it would be \$3,000, as opposed to \$9,708?

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Would you say that represents the difference in efficiency in steaming, between these boats?—A. Well, it is so enormous that I cannot possibly offer an opinion.

Q. You would not like to offer an opinion?—A. No, I would not.

Q. Then "wages" is the next item?—A. Yes.

Q. You give us the figures for wages, at how much?—A. £30 a day—

Q. No, for "Wages?"—A. Yes, per day? No, "Wages, insurance," and so on. I will give you the exact figures.

[Sir William Petersen.]

Hon. Mr. STEVENS: £13/8?

The WITNESS: £13/8.

By Mr. Symington, K.C.:

Q. At \$5, to get it roughly—you said £13 per day?—A. Yes.

Q. Taking it per day so as not to delay on the voyage, that would be, roughly, \$65, as opposed to \$78?—A. Yes.

Q. Your Captain stated your boats could run with a lesser number of men, employees, sailors or firemen?—A. Yes, that is right.

Q. Now, "Stores and Provisions?"—A. Yes.

Q. What did you give us for that?

The CHAIRMAN: £2/7 per head.

The WITNESS: £3/5.

By Hon Mr. Stevens:

Q. That is for deck stores?—A. Oh, victualling you mean.

Hon. Mr. STEVENS: £4/2-8.

By Mr. Symington, K.C.:

Q. £4/2-8 per day?—A. Yes.

Q. What is that? About 23 or 24 dollars?—A. That is £124 a month. Do you want me to work that out?

Q. I want it either for a voyage or a day, if you can give it to us?—A. I will give it to you per day.

Q. You gave us the per day figure. What was it?—A. £4/2-8.

Q. That is, roughly, about \$22?—A. Yes.

Q. As opposed to \$39.94 on the Conference boats?—A. Yes.

The CHAIRMAN: How much?

Mr. SYMINGTON, K.C.: Roughly about \$22, as opposed to \$39.94.

The CHAIRMAN: Just about half.

Mr. SYMINGTON, K.C.: Yes, just about half.

By Mr. Symington, K.C.:

Q. Now, Sir William, "Insurance." What is that?—A. £11/11-8 per day.

By Hon. Mr. Stevens:

Q. Sir William, how have you figured that insurance?—A. The actual insurance paid. I paid at the rate of 65 shillings per cent for the ship.

Q. You take so many days for the voyage?—A. Yes.

Q. Or take the full number of days?—A. I take the full insurance premium and divide it by 365.

By Sir Henry Drayton:

Q. Up to what amount do you insure the boats?—A. The full value.

Q. How much would that be?—A. On this particular boat, the Rio Dorado, the insurance is, I think, for £85,000. That is what it costs.

By Mr. Montgomery, K.C.:

Q. As I do not intend to cross-examine you very much on this, it might be convenient to point out that while you have taken "Stores and Provisions," you have really taken only one item, and have only given the figure for one, "Victualling," when Mr. Symington jumped right onto something else.

Mr. SYMINGTON, K.C.: Mr. Montgomery has pointed out, Sir William—let us go back before we reached "Insurance"—take that other item of "Stores and Provisions"—

[Sir William Petersen]

Mr. FLINTOFT: Including victualling?

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. What have you got that is equivalent to that?—A. I have got £3/5 for stores; that is, £7/7-8 for the two together, per day.

Hon. Mr. STEVENS: That is not quite the same.

Mr. SYMINGTON, K.C.: That makes quite a difference.

By Mr. Symington, K.C.:

Q. £7/7 per day?—A. Yes.

Q. And would be about the same, \$35 as opposed to \$39, roughly speaking?—A. Yes.

Mr. MONTGOMERY, K.C.: A little more than \$37.

Mr. SYMINGTON, K.C.: At \$5, that would be only \$35.

Mr. MONTGOMERY, K.C.: It is £7/7/8, is not that it?

Mr. SYMINGTON, K.C.: Yes, and at \$5, it would be \$35; it could not be \$37.

Mr. MONTGOMERY, K.C.: Call it \$36. Now, what are the two insurance figures?

By Mr. Symington, K.C.:

Q. What is your insurance, Sir William?—A. £8/11/8.

Q. Roughly speaking, about \$40?—A. Yes.

Q. Now, I notice, Sir William, in their 1924 statement their insurance drops down to \$51.13, as opposed to \$61, per day?—A. Yes.

Q. So that your present figure is eight pounds.—A. Eleven and eight pence.

Q. Roughly speaking, \$41 or \$42?—Would that be right, Mr. Stevens?

Hon. Mr. STEVENS: Yes, it is about \$41.

The WITNESS: Yes, about \$41.

By Mr. Symington, K.C.:

Q. Then your next item on Exhibit 35 is "Repairs." What have you got for that?—A. Well, on this particular ship I have nothing for repairs, because she is a new ship.

Q. She is a new ship?—A. Yes.

Q. There is charged here, Sir William, in their composite voyage accounts, \$2,732 for repairs per voyage, in 1923, and \$1,900 for 1924?—A. Yes.

Q. Have you, on your older boats, any repairs of that character, per voyage?—A. No, this is altogether—

By the Chairman:

Q. What is your answer? I got the words "This is altogether"—what was the balance?—A. —beyond me. I cannot bind myself nor give any opinion on figures like this. To my mind this is far in excess of anything I have come across in my own experience.

By Mr. Rinfret:

Q. You mean in so far as expenditures are concerned?—A. Yes, on repairs.

By Hon. Mr. Stevens:

Q. Sir William, suppose you took a year's operations, including, we will say, dry-docking, scraping and ordinary work that must be done over a year, and then took the total repairs of the year, including the local repairs; would that approximate anything as compared with that (indicating Exhibit 35)?—A. No, I do not think so, Mr. Stevens. I will tell you about that. Let us start

[Sir William Petersen.]

with dry-docking. A ship is generally dry-docked once every six months, and she is scraped and gets two coats of paint, and that process for a ship of that size would cost about £100 in the dry-dock—for dry-docking and painting.

By Mr. Duff:

Q. Then there would be engine-room and machinery repairs?—A. Yes, I am coming to that. The engine-room and machinery repairs for a new ship, until she gets onto the No. 2 Survey after the fourth year, does not amount to very much. After four years she has a No. 1 Lloyd survey; that means she has to be absolutely as good as the day she was built, according to Lloyd's rules. Any repairs required at that survey, as a rule, are light. That survey is generally a very light one, and costs very little, because the ship is practically a new one, being only four years old. It is really when you come to a No. 2 survey—a ship getting on for eight years of age, or 12 years of age, where the very heavy repairs come in, and lots of those repairs are put under the category of "Survey Repairs." Now, if you take a period of, say, seven years,—you can only deal with that kind of a ship when it is six or seven years old.

By Hon. Mr. Stevens:

Q. Supposing you took a ship eight years old—that is about the middle-life of a ship?—A. Yes.

Q. Would eight years be a fair estimate?—A. Yes.

Q. Most of these ships would average more than eight?—A. Yes.

Q. Take a year's repairs including two dry-dockings for a ship, say, eight years old; would these figures then be so much out of the way as you indicate?—A. I would say so—

Mr. SYMINGTON, K.C.: I have just asked Mr. Young about that, because I was not quite sure of it myself. The survey costs are in that item of "Repairs." The reason I was misled is that on some of the voyage sheets this was included in something else. I do not know whether they have any objection to stating what the amount allowed for survey was, but Mr. Young could tell us, if he wished, how much was allowed.

Hon. Mr. STEVENS: That is included in this item?

Mr. SYMINGTON, K.C.: It is included in this compilation, but it is not in the voyage sheet.

Mr. MONTGOMERY, K.C.: It includes an allowance for survey, an allowance for annual overhauling, and an allowance for running repairs.

Mr. SYMINGTON, K.C.: But the figures per voyage are not anything like that. If my friends wish to state what it was, they may do so; but it was not any figure approximating that.

By Mr. Symington, K.C.:

Q. Then there is an item apart from "General and Management Expenses" in Exhibit 35—

Sir EUGENE Fiset: Mr. Symington, when you say "Survey," you mean the four-year survey for reclassification purposes?

Mr. SYMINGTON, K.C. Yes.

The CHAIRMAN: Every four years the vessel has to go through a survey.

Hon. Mr. STEVENS: Or if she be damaged, she has to go in for survey.

Mr. DUFF: What did Sir William say about that amount of \$2,732 per voyage?

Mr. SYMINGTON, K.C.: He says it is beyond his ken, and he does not want to express an opinion on it.

Mr. DUFF: May I ask a question right here?

The CHAIRMAN: Certainly.

[Sir William Petersen]

By Mr. Duff:

Q. Sir William, looking at Exhibit 35, "General Repairs in 1923," it shows a figure of \$2,732.24 per voyage. You will notice by that statement these ships made five voyages each per year—this is an average?—A. Yes.

Q. That would mean multiplying \$2,732.24 by five, which would amount to approximately \$13,500 per year for repairs?—A. Yes.

Q. Would you say that was a fair amount?—A. No, very excessive, I should say.

Mr. SYMINGTON, K.C.: Not only that, Mr. Duff, but these boats run on other routes. The five voyages do not constitute their whole operations for the year. All the voyages that are charged here are voyages that came to Canadian ports, but there were other voyages.

Mr. DUFF: How many other voyages?

Sir EUGENE Fiset: He says an average of between eight and ten voyages per year, but they had taken five voyages for the purpose of comparing this compilation.

Mr. SYMINGTON, K.C.: I did not so understand that. I understood they had taken the voyages which had been made to Canadian ports, and when they ran to other ports they had not included them. I know, as a fact, they did run to other ports.

Mr. FLINTOFT: Not all of them.

Mr. DUFF: But they did go to other ports?

Mr. SYMINGTON, K.C.: Yes.

Mr. DUFF: If there were more than the five voyages, you would add approximately \$2,700 for each extra voyage, which would make it around \$20,000 or \$25,000 each year for repairs.

By Mr. Symington, K.C.:

Q. Then there is an item of sundries next, Sir William, of \$1,823 a voyage in 1923, and \$1,500 a voyage in 1924. Have you any such charge in your calculations?—A. No.

Q. What is it, do you know?—A. I do not. I do not know what it is made up of.

Q. As a steamboat owner, have you included everything in your expenses that experience tells you is properly included?—A. Yes.

Q. So that you get a total then, Sir William, in 1923, of a voyage expense, of \$45,398 per voyage, and \$41,609 a voyage in 1924, carrying general cargo. Knowing the performance of your boats, how would you say these Conference expenses compare with yours, per voyage?—A. I do not understand that; is that freight earnings?

Q. No, total expenses, total operating expenses for 1923, \$45,398 per voyage, and for 1924, \$41,609?—A. Yes.

Q. Knowing the performance of your ships, what would you say as to these expenses per voyage, with respect to your ships? Would yours be less or greater? That is roughly £8,000 in 1924, and around £10,000 in 1923.—A. Yes. At least double.

Q. At least double?—A. More than double. About double, including charges and everything.

Q. Having that in mind, then, Sir William, if you were assured of a full cargo eastward, general cargo, would you say that in the operation of your boats, rates could be reduced?—A. Say that again, please.

Q. Supposing you were assured of a full cargo eastward?—A. Yes.

Q. Would you say that the present rates being charged could be lowered? In your boats, I mean?—A. In my boats?

The CHAIRMAN: And leaving a fair operating profit at the same time?

[Sir William Petersen.]

By Mr. Symington, K.C.:

Q. And leaving a fair operating profit at the same time?—A. That is what I wanted to know.

Q. Leaving a fair operating profit at the same time.—A. Certainly. We could do it at very much lower rates.

Q. Now Sir William, you heard the evidence of Mr. Middleton of the Anchor Donaldson line?—A. Yes.

Q. Or rather the Furness Withy line?—A. Yes.

Q. In which he stated this, in closing his evidence, that a 6,500 ton ship required a gross freight of £10,000 per round voyage in order to show a reasonable return. Would you be satisfied with such a gross freight per round voyage on a ship of 9,000 tons?—A. Yes, I would be very glad, and if I were guaranteed that score I would not ask for any subsidy.

Q. If you could get a guarantee of the cargo on that basis you do not want any subsidy?—A. I do not.

Q. Now, Sir William, there has been a criticism offered of your boat, that it has no 'tween decks, and that it is not suitable for general cargo. What have you to say as to that?—A. That it is absurd.

Q. Can you demonstrate the absurdity?—A. There has been a good deal of misunderstanding about the 'tween decks and talk about it, and some people do not seem to quite realize what it means, in a shelter deck. I have a plan with me here of a ship which I think will show you more clearly what is meant.

By Mr. Montgomery, K.C.:

Q. Is this the *Rio Dorado*?—A. This is not the *Rio Dorado*.

By Mr. Symington, K.C.:

Q. This is the *Rio Dorado*, is it not?—A. This is a 9,000 ton steamer. I have not the plans of the *Rio Dorado*, except on a very small scale.

Q. What boat is this?—A. This is a boat building now, a 9,000 tonner. Now, I want to explain. That is a shelter deck boat—

The CHAIRMAN: The witness, pointing to—

Mr. SYMINGTON, K.C.: First, had we better mark this as an Exhibit?

By Mr. Symington, K.C.:

Q. Have you any objection to leaving this plan?—A. No, I have not any objection.

The CHAIRMAN: This is produced as Exhibit 92.

EXHIBIT 92: Plan of steamer "*River Ottawa*." Not printed.

By the Chairman:

Q. You are pointing to what?—A. A profile.

Q. A profile section of a ship now being built for you, pointing at the top of the Exhibit. In order that you may be able to identify this, the name of this ship is the *River Ottawa*. She was launched about a fortnight ago.

By the Chairman:

Q. Go ahead, Sir William.—A. That is a ship which is now afloat. She is a corrugated ship; she is 9,000 tons dead weight, and she will steam anything up to 13 knots. Her guaranteed sea speed is 11 knots, which she will do on 25 tons of coal, or what may be equivalent to 25 tons of coal. She is an internal combustion engined ship, burning oil. She will steam 11 knots on $6\frac{3}{4}$ tons of oil. Now, it will be apparent to you if you look at this plan that there is a deck up there (pointing)—

[Sir William Petersen]

By the Chairman:

Q. A deck up there?—A. Yes.

By Mr. Symington, K.C.:

Q. So that the reporter can get it, that is below the accommodation?—A. Yes. This is the upper deck, and that is the main weather deck (indicating). For some reason or other in that type of ship, to evade certain measurements, it has been called a shelter deck, and that deck there (indicating), that is, the 'tween deck, goes right through the ship. It has been called the main deck for certain measurement purposes. Now, all the accommodation for officers and crew is situated on this deck, and that crew space and the space for officers, of course, is deducted from the registered tonnage. There has been some misunderstanding about that, too, in the evidence. The registered tonnage of a ship is measured by the cubic contents, divided by a certain standard. From that result is taken all the spaces occupied by officers and engineers and crew, and all propelling spaces, engine room, boiler space, and so on, and that leaves the net register of the ship, after that deduction. Now, the whole of the crew space and the officers' space is on that shelter deck, and therefore has all been deducted. You see there is nothing at all on this 'tween decks. But it was alleged that this ship has no 'tween deck. Now you see it has a very fine 'tween decks, because I have 9' 6" of space here, a very high 'tween decks. I am putting in refrigerating machinery here—

By the Chairman:

Q. When you say "here" you are pointing—A. Aft, here, to the extent of 12,000 cubic feet.

By Mr. Symington, K.C.:

Q. Then, Sir William, if you are through—

By Mr. Flintoft:

Q. Excuse me, but just as a matter of explanation, is that what you call the main deck, or the 'tween decks, in the net registered tonnage?—A. The 'tween decks certainly is, but not the shelter deck.

By Mr. Symington, K.C.:

Q. Is this space which lies between these two decks in the net registered tonnage?—A. No. It carries cargo, of course, but they would not allow—

By the Chairman:

Q. What was your answer to Mr. Symington's question?—A. No, it is not. All the space used for carrying cargo, of course, is included in the tonnage.

Q. That is what I thought, but I understood you to answer directly to the contrary.

By Mr. Symington, K.C.:

Q. Sir William, let us get this clear now, because there is a twist here. You see this space between the two decks?—A. Yes.

Q. From what I gather from the whisperings going on around me here among the steamship people, is that included in your net registered tonnage?—A. Certainly.

Q. You answered no before.—A. No, no.

Q. That is the answer; that is all you have to say?

Mr. FLINTOFT: Let him explain, if he wishes to.

[Sir William Petersen.]

By Mr. Symington, K.C.:

Q. Your answer is yes, that this is included in your net registered tonnage?

—A. Yes.

Q. And that is the space, Sir William, as I understand it, where you say you can carry a large amount of mixed cargo?—A. Yes, and cattle.

Q. How does that compare, as far as you know, in quantity, with the other cargo liners running on the St. Lawrence?—A. In quantity?

Q. Yes, or cubical space?—A. The cubical space is here. If you multiplied 9'6" by about 400, by 42' beam, it would give you the cubical contents.

Q. I do not want to get the figures, I asked generally speaking, how does it compare with other types of cargo boats?—A. I have far more cubical capacity in this ship. I have about 116 cubic feet to the ton dead weight, in these ships, which is very much in excess of the ordinary cargo ship.

The CHAIRMAN: Do you have to refer to this plan any more?

Mr. SYMINGTON, K.C.: I just want this cleared up.

By Mr. Symington, K.C.:

Q. Sir William, the statement has been made that you have no space to carry general cargo. What I am asking you is this, is your space for carrying general cargo on this ship relatively as great or as much, for general cargo, as the general run of ships of the same type?—A. Absolutely.

By Hon. Mr. Stevens:

Q. Now, take this number five hold.

The CHAIRMAN: Will you put that question again, Mr. Stevens; we cannot hear.

By Hon. Mr. Stevens:

Q. My question is, in getting access to the holds number five and number four, can you stow cargo in this space between decks, where the hatch goes down?—A. Yes, certainly.

Q. You would have to close the lower hatch and then load your cargo on top of that?—A. Yes. The cargo, which you want to protect, you place on the top.

Q. And then load above that?—A. Yes.

By Mr. McKenzie:

Q. Which do you call the main or strength deck?—A. Theoretically speaking, this is the main deck (indicating on plan).

Q. This is the strength deck?—A. Yes, this is the strength deck.

Q. The second deck down?—A. Yes.

Q. And over that deck is, what is known as the shelter deck?—A. Yes. That is quite right. You might as well ask me if a pig has feet, and another one would say "no, he has trotters". It comes to the same thing.

Q. There are certain tonnage openings, that are known technically, as tonnage openings?—A. Yes.

Q. Is this not one in the after part of the ship, known as a tonnage opening?—A. Yes.

Q. As a matter of fact, the shelter deck is open right straight along?—A. No. The shelter deck is closed at both ends.

Q. I am speaking of the shelter deck.—A. Yes.

Mr. SYMINGTON, K.C.: You are speaking of the main deck now?

By Mr. McKenzie:

Q. I am speaking of the shelter deck.—A. Yes.

[Sir William Petersen]

By Sir Eugene Fiset:

Q. This is a plan of the shelter deck, a plan of the 'tween deck, and this is the plan of your main deck (indicating on plan)?—A. Yes.

Q. You have the plans shown, one over the other?—A. Yes.

By Mr. Symington, K.C.:

Q. Now, Sir William, are the boats which are called for in the contract, generally speaking, superior to the Rio Dorado?—A. Yes.

Q. Why? In what way?—A. Because they have internal combustion engines, which will give them a greater cubical space for cargo. They will have, I think, more speed and have other advantages; for instance, there will be no necessity for coaling.

Q. They are larger, are they not?—A. They are 500 tons larger than the Rio Dorado.

Q. Have they cattle fittings?—A. They will have permanent steel cattle fittings, if it is necessary.

Q. For about how many cattle?—A. About 450 each.

Q. 450 head, each; permanent cattle fittings?—A. Up to 500 head.

Q. Provision being made for cold storage, refrigeration?—A. Yes.

Q. Now, Sir William, during Mr. Preston's evidence, there was a statement made that these ships had been contracted for by you, prior to this contract?—A. Yes.

Q. Is that so?—A. That is right.

Q. That is right?—A. Yes.

Q. What was the contract? What was the nature of the contract?—A. The contract was with Harland & Wolff. I made the contract with the late Lord Perry.

Q. And it was for ten boats?—A. Ten boats, yes.

Q. Of the present type? I mean, in all respects, the same?—A. Yes, I had a right to have any modifications I wanted in the ships, but practically the same type of ship, the same size.

Q. Were those boats to be built at once?—A. No. I had a great limit—two years—to build them.

Q. To build the ten?—A. Yes.

Q. To order the ten, I mean?—A. I need not have ordered these first ones, but I did so during Lord Perry's absence from home, in order to make a start, but at that time I ordered these boats and laid these boats down. I had not met Mr. Preston on this question.

Q. These boats were actually started, two of them, before you ever met Mr. Preston, before you knew anything about the Canadian contract?—A. That is right.

Q. And you had a contract, which permitted you to order the same ships, up to the number of ten, within two years?—A. A long period. I think it was two years or two and a half years; something like that.

Q. Now, then, were these boats for any particular trade, when you originally?—A. I designed these boats for some other special trade.

Q. Some other special trade?—A. Yes.

Q. Not Canadian?—A. No, not Canadian.

Q. And when this contract was signed or entered into, did you make any changes in the boats? That is what I want to get at.—A. Yes. Of course, the boats were then building. When there was a question of the contract with the Canadian Government, I then made up my mind to have certain changes; for instance, cattle fittings and refrigerating space and things like that, which I am ready to put in now, which are being fitted in those two ships already building.

Q. One, I understand, has been launched?—A. One has been launched.

[Sir William Petersen.]

Q. And will be completeed, when?—A. Will be completed in about six weeks' time from now; four or six weeks.

By Mr. Shaw:

Q. I wonder if Sir William would tell us for what particular trade the boats were specifically designed at the outset?—A. For which trade?

Q. I understand from you they were not designed for the Canadian trade?—A. For some other colonial trade. If you would excuse me, I would rather not give that point away. It is part of my business.

By Hon. Mr. Stevens:

Q. It is part of your stock in trade?—A. Yes. I had some other colonial trades in view, at the time I laid down these boats.

By Mr. Symington, K.C.:

Q. So that the net result then of the boats that you have ordered is that the difference has been the putting in of permanent cattle fittings, and the preparation for the refrigerating space?—A. That is right.

Q. Does that cover the only differences it made?—A. When I say that, the refrigerating space means not for frozen meat, but I have space for butter and eggs, and of course I take the orders from the Minister of Agriculture and the Minister of Trade and Commerce, as to which other modifications they want in the boats. If they want a large space for frozen meat, I would be bound to put it in. I would rather not do it, but I would be bound to do it.

Q. Sir William, are these cattle fittings stationary or immovable, these steel cattle fittings?—A. They are permanent, but, of course, they are fixtures, in a way; but permanent fixtures, which you can take out if you like.

Q. What I was trying to get at was, whether you could load cargo, if you did not have cattle, in the space?—A. Yes, take them down.

Q. These steel permanent fittings can be taken down and put up?—A. Certainly.

Q. Then, Sir William, coming to the contract itself, you have told us you came to Canada last year, and the contract was negotiated and signed by yourself?—A. Yes.

Q. First, let me ask you, have you read the speeches of the Prime Minister and the Minister of Trade and Commerce, on the subject, in the House?—A. Yes, I have.

Q. Do they correctly, so far as you are concerned, set forth the intention of the contract?

The CHAIRMAN: We take it for granted, Mr. Symington, that the Ministers of the Crown correctly set forth that question.

By Mr. Symington, K.C.:

Q. Under clause one, there is a provision for assigning the contract to a company?—A. Yes.

Q. I ask you whether you have any objection to clause one being added to, in order to provide that you shall be personally liable under covenant for the construction and putting into operation of the boats?—A. I have no objection to it being modified to that extent.

The CHAIRMAN: Will you forgive me if I ask you to ask him at this point if he would have any objection to remaining on the covenant for the term of the contract?

Mr. SYMINGTON, K.C.: I have not asked him that, because I understood, in shipping circles, that it is an objection to remaining, because if the *Lusitania* goes down—

The CHAIRMAN: He can say no, and give his reasons for it.

[Sir William Petersen]

By Mr. Symington, K.C.:

Q. What is your reason for wanting to assign the contract at all?—A. Simply to cover my liability, under a ship contract liability, which is very heavy, such as you have just mentioned, a running down clause, for instance; it means I would be personally liable for any damage done to another ship or for any lives lost; and another thing, I would be financially personally liable for debentures interest and charges. These liabilities and risks, I would like, naturally, to transfer to a limited company.

Q. Have you any objection in connection with this company, to a proviso that the majority of the stockholders shall be Britishers?—A. British?

Q. Yes.—A. Certainly not. I have no objection myself.

Q. Or have you any objection to the list being approved by the Minister at the time of the signing?—A. Certainly not.

Q. Then turning to clause "A" which is the covenant to equip, provide and establish these boats?—A. What clause is that?

Q. 1-A. Have you any objection to adding at the end of it: "And the ships engaged in such service shall be engaged in no other service without the consent of the Minister"?—A. Certainly not. That was always the intention.

Q. Then clause 1-C is the clause dealing with the boats which you are to put in while the new boats are being completed. You will see that you are called upon to put in boats pending completion, other ships of modern construction properly equipped and of approximately the same tonnage?—A. Yes.

Q. Have you any objection to adding the words: "And speed" there?—A. No.

Q. So that the boats that you will have to furnish in the meantime shall be of approximately the same tonnage, class and speed?—A. That is right.

Q. Then 1-D, that the control and regulation of the rates to be charged by the contractor shall rest with the Government of Canada and that the Government shall fix such transportation rates on all commodities from time to time.

Have you any objection to adding to that something along this line:

"And the contractor covenants and agrees to carry all freight offered at the rates fixed as aforesaid provided always he has cargo space available therefor, preference of space in all cases to be given to Canadian shippers."

A. Quite agreeable.

Mr. MONTGOMERY, K.C.: That is 1-D.

Mr. SYMINGTON, K.C.: Yes.

By Hon. Mr. Stevens:

Q. An interesting question might be asked there, whether Sir William would agree to accept freight as directed by the Minister?—A. Quite.

By Mr. Symington, K.C.:

Q. Then 1-F, Sir William, which is the immigration section, provides for future boats being agreed upon for immigrants, and the language is: "When the parties hereto agree." The parties might never agree. What I am going to ask you is, if you would agree with respect to those boats that they will be supplied if and when the Minister of Trade and Commerce requests the establishment of such service?—A. Yes, certainly, but of course that would entail a certain amount of negotiation and consideration, would it not?

Q. I suppose it would.—A. Yes.

Q. As I understand the contract, if you put in these new boats, the subsidy applies—an added subsidy for the boats?—A. Yes.

Q. Now if the Minister came to you and asked you to put some immigrant boats in—what I am asking you now is, would you be willing to do it or not?—A. Certainly. He has a right to go elsewhere, and unless I worked loyally with him, or with the Government, he would not ask me, he would go somewhere else to someone who would work loyally.

Q. Of course we are down to words now here, Sir William. If you are not satisfied or would like to look this over during the adjournment, say so. All I am asking you is whether if the Minister ordered you to put in immigration ships on the basis of this subsidy, would you do it?—A. Certainly.

Q. And you have no objection to making that clear in the wording of the contract?—A. None whatever.

The CHAIRMAN: Would that not involve the striking out of a considerable number of words at the end of it?

Mr. SYMINGTON, K.C.: Yes, sir. I have just scribbled down these things and I take it that instead of, "when the parties hereto agree" it would be "when the Minister orders the establishment." That would be what it would amount to.

Hon. Mr. STEVENS: Let us read that clause as you suggest that it should be amended, and let Sir William state definitely. It would read, if Mr. Symington's suggestion were carried.

Mr. SYMINGTON, K.C.: Remember, my language is simply a rough draft, it is getting the idea.

Hon. Mr. STEVENS: I understand. "That the contractor will personally" and so on "undertake to carry emigrants from Great Britain or the Continent of Europe at rates to be fixed by the Government, and carry all Canadian mail free if and when the Minister directs the establishment of a passenger service or other steamers suitable for the carriage of emigrants in conjunction with and under the control of the shipping company."

Mr. SYMINGTON, K.C.: Yes.

By the Chairman:

Q. That might involve the placing of a different type of steamer on the route?—A. Yes.

Mr. SYMINGTON, K.C.: Quite so. I take it that it would involve a different type of steamer of course.

By Mr. Symington, K.C.:

Q. Then with respect to Clause 3, Sir William, you will note that this subsidy payable to the contractor is based on the operation and maintenance of a service of ten ships.—A. Yes.

Q. Would you object to the insertion of the word "continuous" before "service"?—A. Certainly not.

Q. And after the word "ships," "all of which shall be regularly and continuously employed in the service."—A. Certainly. That was the intention.

Q. Then, again looking at clause 3, Sir William; to clear up a point there; that is the point as to whether you can increase the ships without the consent of the Minister and get the subsidy. Would you have any objection to making that clear by words something like this: "That no increase in the number of ships so operating can be made without the request in writing of the Minister of Trade and Commerce as hereinafter in Clause 6 provided." That is, was it the intention that you could not put on any more ships without an order from the Minister?—A. Certainly not.

Q. And you have no objection to making that clear in the contract?—A. None whatever.

[Sir William Petersen]

Q. Now, Sir William, after listening to your evidence and the evidence of your officers particularly, why, on the showing of your ability to operate, do you ask for a subsidy at all?—A. Why? Because I could not think of throwing in a line of ten ships into this trade, for Canadian trade, without a guarantee. I would be running up against all the Conference lines, and I feel quite sure I would be boycotted.

By Hon. Mr. Stevens:

Q. Boycotted? By whom, Sir William?—A. By the Conference lines.

Q. What about the shippers? They have something to say in it?—A. No, the shippers unfortunately have very little to say, Mr. Stevens.

Q. What do you mean by that, that the shippers have little to say.—A. The shippers have no control whatever over the shipping lines.

Q. But they have control over cargoes.—A. Yes, but if the Conference lines happen to cut the rates down to 2/ a ton, the shippers would jump at it; it would be a fine opportunity for them, wouldn't it?

Hon. Mr. STEVENS: Surely.

Mr. SYMINGTON, K.C. You know what happened the Reardon Smith line.

By Hon. Mr. Stevens:

Q. When you say you are afraid of the competition of the Conference lines, that is a competition by the cutting of rates?—A. Yes; to such an extent that it would make it impossible for me to run; because it is a very powerful concern, Mr. Stevens, and for a small man like me to get in there and buck up against them without some backing would be futile.

By Mr. Symington, K.C.:

Q. You have had some experience with them, as you have already told us?—A. I have yes, to my sorrow.

Q. Have the British shipping lines large connections in the Old Country with the shippers, the manufacturers?—A. The shipping lines? The Conference lines, do you mean?

Q. Yes?—A. Yes, they have. They have their connections worked up through very extensive agencies and channels they are able to keep open, and have been able to keep these shippers absolutely under control, for fear of losing their connections—their shipping.

Q. In other words, I take it from a previous answer, you want cargo and you are not prepared to fight for it alone against the Conference, is that it?—A. That is it, yes.

Mr. SYMINGTON, K.C.: I think, Mr. Chairman, the hour being a quarter to six, perhaps Sir William is getting tired.

By Mr. Rinfret:

Q. Sir William, how will a subsidy provide a cargo?—A. I did not hear the question.

By the Chairman:

Q. How will the receiving of a subsidy by you, enable you to get cargo?—A. It will not enable me to get cargo; but it will be an insurance policy for me against any onslaught on me, or boycotting of me; preserving my position in the trade here, and without that insurance policy I would not attempt it. You see, if I do not get my fixed charges covered and secured, I could not attempt with a fleet of such expensive steamers to run a service haphazard against a very powerful combination of shipping Conferences.

[Sir William Petersen.]

The CHAIRMAN: Gentlemen, we have been sitting continuously for more than two hours, and the witness has been on the stand for more than two hours. I would suggest an adjournment until, shall we say this evening?

Mr. DUFF: Say eight-thirty.

The CHAIRMAN: Yes. Then this Committee stands adjourned until eight-thirty this evening.

The witness retired.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: The Committee will come to order. Mr. Symington, have you some further questions to ask Sir William?

Mr. SYMINGTON, K.C.: Just one or two.

Sir WILLIAM PETERSEN, recalled.

By Mr. Symington, K.C.:

Q. Sir William, when we adjourned I had asked you why, in the face of the figures, you required any subsidy at all, and you had made your answer. Now, I ask you why, in the face of the figures, a subsidy of £275,000 was suggested or contracted for; what moved you to that figure?—A. Because the government would have absolute control of rates and could make my rates anything they liked. It might cut into my operating expenses, and in order to cover my fixed charges on capital debentures and preference shares, it would be necessary to protect them, under the circumstances.

Q. That is, as I understand it, you say that having delivered to the government absolute control of the rates of operation, it was necessary to fix a subsidy of a sum of that character, because of their ability to fix rates below operating expenses, and cause losses?—A. Yes, and not only that, but because the government, under that contract, would have full power to direct my ships where they liked, and they might put me into unprofitable routes.

Q. That is, to different ports?—A. Yes.

Q. The creation of different lines?—A. They might order some ships to Spitzbergen, for instance, voyages which might incur great losses.

Q. Yes. Now, Sir William, having in mind your previous answers and your last answer, and leaving the absolute control with the government, and the subsidy as it is, would you have any objection to a proviso that if the government, in their absolute power of fixing rates, fixed rates which did not cause a loss in operation, but a reasonable return on investment, then there should be no subsidy?—A. Certainly.

Q. Or if they fixed rates which caused a deficit, that the amount of the subsidy should only be that deficit, up to the maximum fixed by the contract?—A. Quite. I would be quite agreeable.

Q. Then, Sir William, there has been some doubt cast here in the minds of a good many, I believe, in the face of your figures, particularly, and the auditor's report of the figures of the steamship companies, and there has been rather surprise expressed by the Combine steamers as to your operating figures.—A. Yes.

Q. I suppose you have no objection to any test to which the committee may put the accuracy of the figures which you present to them, as to your costs of operation?—A. No objection whatever.

[Sir William Petersen]

Q. Of any kind or character?—A. Absolutely. Might I add that the committee might put experts on board my ships—

The CHAIRMAN: Just say that again a little louder, Sir William.

By Mr. Symington, K.C.:

Q. Just give us the answer. You were saying the committee could put experts aboard your ships.—A. I would be quite agreeable to have the committee put engineers or nautical experts of any kind aboard the ships. I will sail them free and feed them free and put all the cards on the table and have them report to the committee their experiences, independently of captains or engineers or anybody aboard my ships.

Mr. DUFF: You say you would put all the cards on the table; you might be a better poker player. But I understand.

The CHAIRMAN: Now, have any members of the committee questions they would like to put to Sir William Petersen before I ask Mr. Montgomery to take the witness.

Sir HENRY DRAYTON: I think I would sooner wait.

Hon. Mr. STEVENS: I would like to ask a few questions, if I might.

By Hon. Mr. Stevens:

Q. Sir William, this afternoon you referred to the control stations in Germany?—A. Yes.

Q. I think you stated that because of these control stations and the way they were operated, it caused you to bring your passengers around outside of German territory?—A. That is right.

Q. And I gathered from you that you claimed the cause of that, or those responsible for it, were the steamship companies?—A. Well, of course the control stations were put there by order of the German government, and I think that the German government were, at that time, prompted by the German pool lines, and as the German pool lines and the North Atlantic Conference worked hand in hand, the same conditions would apply to both.

Mr. SHAW: May I suggest that Sir William Petersen sit back a little, and we could hear him probably better.

The CHAIRMAN: I will ask the reporter to read the last answer by the witness as some members of the committee did not hear it.

(Whereupon the reporter read the last preceding answer.)

By Hon. Mr. Stevens:

Q. Now, I have here the report of the Commission regarding shipping and shipbuilding, of 1918. You doubtless know that report?—A. Yes.

Q. At page 481 of that report, and under the heading, "Report on German Control Stations and the Atlantic Emigrant Traffic" which would, I think, deal directly with the subject, I want to read a few extracts and get your views in regard to them. Section 35 of that part, page 481, reads as follows:

"Moreover, passengers of British steamship lines were subjected to every kind of inconvenience, designed to make them change their route and travel by German lines. Their tickets were often forcibly taken from them and not returned to them for days, whilst in the interval these poor people were left to incur expense at the control stations which they could ill afford, and were often forced to return home. Meanwhile, agents of the German lines sought to cajole them into buying tickets over the German lines, generally by threatening to have them sent back to their homes if they did not comply."

[Sir William Petersen.]

Then follow a couple of examples submitted by the Cunard and the White Star lines. Does that not indicate to you that these iniquities complained of were caused by the German lines, in co-ordination with the German government, as against British lines, Conference or otherwise?—A. No, Mr. Stevens, I hardly think so, because at that time the German pool lines and the North Atlantic Conference—including the Cunard line and the White Star—were working together in harmony, and although the English companies would not have any power in Germany, yet I think they connive with the German pool lines to keep these control stations up.

Mr. SYMINGTON, K.C.: Mr. Stevens, might I ask what year they are referring to there?

Hon. Mr. STEVENS: This report is made in 1918. It deals with the control station subject, undoubtedly in pre-war days, but this report is made in 1918.

Mr. SYMINGTON, K.C.: Probably that would be quite correct. I think the situation changed probably about 1910, I am not sure.

Hon. Mr. STEVENS: I think, Mr. Chairman, this is important, because it has been constantly referred to.

By Hon. Mr. Stevens:

Q. Sir William, in view of this important commission making this report in 1918, do you consider that they would do so if the subject matter of the report were false or would give a false impression?—A. No, I do not think that they wanted to give a false impression.

Q. Do you not think that this report of that Commission which carried on this investigation deserves credence?—A. Yes, I do.

Mr. DUFF: Pardon me, Mr. Stevens, were they all German lines or all British lines?

Hon. Mr. STEVENS: "Passengers by British Steamship Lines are subject as in contra distinction to German lines." I might say that this runs through the whole complaint, that British lines did not receive a square deal as against German lines.

Mr. DUFF: But were they referring in that report to all British lines or just to some British lines?

Mr. SYMINGTON, K.C.: The reason I asked Mr. Stevens the question was because of the Alexander Report, which shows that at the date we are discussing it did not matter whether it was British lines or all British lines; the receipts were pooled after a certain percentage, and in view of the Alexander Report, which fixes the years, the year that that Commission was dealing with became very important.

Hon. Mr. STEVENS: If we are going to deal with this question by argument instead of questions, we might as well have the argument now. The point Mr. Symington has reference to in the statement he has made, and which he has stated before, is not borne out by this report, which is the important report on the subject. This report indicates that in 1918, subsequent to the war, the fear of the British lines was the unfair competition, as I shall indicate if I have an opportunity, by quoting a few more passages; that it was this fear of continued competition of the German lines, subsidized secretly or openly by the German Government, or working under regulations from the German Government, which militated against competing foreign lines. I have here another clause which I would like to read.

Hon. Mr. SINCLAIR: If you can indicate just what year is being referred to, I would like you to do so, Mr. Stevens.

Hon. Mr. STEVENS: This report reviews the whole of the years preceding the war. It is a report made at the request of the Hon. Mr. Asquith, when he

[Sir William Petersen]

appointed the Commission in 1916, and they reported in 1918, indicating what in their opinion should be the policy of the British Parliament and the British people subsequent to the war. During the war necessarily this competition was not in existence.

Hon. Mr. SINCLAIR: Quite so; but during the 15 years previous to the war, very many rate wars took place.

Hon. Mr. STEVENS: This runs up to the years of the war, but the report is stated to be as between 1916 and 1918. I think if you will follow me in a few more quotations, Mr. Sinclair, it will be made perfectly clear what was in the mind of the Commission.

Here is another clause:—

“In short, we make the following recommendation”—and this is in this special part dealing with emigrant traffic—

“Control Stations in Germany and Austria-Hungary should be abolished except for the purely sanitary inspection maintained in other countries. It should be insisted that this work be managed by a public authority entirely independent of any German line.”

By Hon. Mr. Stevens:

Q. Do you agree with that, Sir William?—A. Do I?

Q. Yes?—A. Well, yes, I do, at that date. That was in 1918, was it?

Q. Yes, that was in 1918.—A. Yes.

Q. In another section of the report, on page 542, dealing with international competition and navigation policy, I find the following:—

“At the outset of this enquiry it is advisable, therefore, to restate in general terms our previous conclusion;”—
and this is the previous conclusion:—

“The one fundamental condition of our maritime recovery is the early release of shipping from government control, the maintenance of private enterprise in the shipping and shipbuilding and the consequent repudiation of any scheme of state ownership in either industry after the war.”

What is your opinion upon that point, as an experienced shipowner and operator?—A. What are you referring to, Mr. Stevens?

Q. I am referring to this principle that they laid down.—A. Are you referring to the German pool lines?

Q. No, I am referring to the release of British shipping.

By the Chairman:

Q. Mr. Stevens has just read an opinion given by those commissioners against state ownership and in favour of private enterprise in shipbuilding and ship operation, and he asks you if you agree with the expression of opinion given in that report?—A. Yes, I think I do.

By Hon. Mr. Stevens:

Q. Here is another clause regarding rate cutting. It is at page 573, article 255:—

“We have received a large number of complaints as to the frequency with which the German lines cut rates agreed to in the Conference, the object being in nearly every case to get a temporary trade advantage.”

The question I would ask you in regard to that is this: does that not indicate that there was conflict between the German and the British lines?—A. At what date?

Q. This is in this report of 1918?—A. Yes, of course; there is no doubt about that. There was.

Q. Then it continues:—

“In other cases, the German steamship companies shipped goods at low, and even unremunerative rates, in order to obtain a footing in a new trade or to destroy the competition of foreign lines.”

Have you ever experienced that from the German lines?—A. I know of that, yes; it has been done.

Q. Then it continues:—

“There is reason to believe that the success of the Hamburg-American Line in the Persian Gulf was due directly to this cause; whilst the threat of a German service to New Zealand forced the British companies engaged in that trade to ship goods from the Continent at lower rates than they were able to allow for similar goods exported from the United Kingdom.”

Are you aware of that?—A. Yes.

Q. That is correct, is it?—A. I think so, yes.

Q. That the reason they gave lower rates than the Continent was that they were forced to do so by the competition of the German lines carrying goods at an unremunerative rate?

Mr. SYMINGTON, K.C.: To Australia.

Hon. Mr. STEVENS: Let Sir William answer the question.

The WITNESS: I would like to think about that. I would like to think that over. I have my doubts about it.

By Hon. Mr. Stevens:

Q. I will read it again, if you like?—A. It is not necessary, Mr. Stevens. I would rather not enter into any controversy. I would like, if possible, to confine my energy and the little ability I have to the Canadian end of it.

Q. You made the statement this morning, and it was accepted here as evidence, that the cause of your difficulties in dealing with Continental affairs was the Conference Lines?—A. Yes.

Q. That is what I am pointing out to you; it is through the whole report, and I could read reams of it if necessary, which indicates that there was severe competition between British and German lines both in and out of the Conference, that the Germans did not maintain the rates, but cut them to an unremunerative rate. I think it is worth reading again.

“In other cases, the German steamship companies shipped goods at lot, and even unremunerative rates, in order to obtain a footing in a new trade or to destroy the competition of foreign lines. There is reason to believe that the success of the Hamburg-American Line in the Persian Gulf was due directly to this cause; whilst the threat of a German service to New Zealand forced the British companies engaged in that trade to ship goods from the Continent at lower rates than they were able to allow for similar goods exported from the United Kingdom.”

A. Yes.

Q. I was asking you if you knew from your experience that to be correct, and whether you agreed with that statement—A. Of course you might expect anything from a German. They did many things which were apparently contrary to our ideas of doing business. At that time I was in the European war, and I was not in the American trade, Mr. Stevens. I am quite sure they had no thought but to get into the trade, and tried to cut into the trade. We had some new trades then. However, I had not seen that contract, and I would like to have a read of it.

Q. Here is another one, at page 575, under the heading of “Rate Anomalies”:

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"A distinction must be drawn between the preferential rates complained of in the New Zealand trade and the ordinary variation of rates that may result from competition. The British shipowner has to compete with the foreign shipowner in the provision of services, just as the British manufacturer has to compete with the foreign manufacturer in the supply of commodities. To meet such competition rates for foreign goods may at times be lower than rates for British goods,"—

Is that correct?—A. I could not tell you, Mr. Stevens whether it is or not; it is a matter I have not studied, and I have not read that before.

Q. It is a very interesting report?—A. It seems to be.

Q. It is one of the best on the subject. I quote again from page 575, section 269, under the heading "Conference Agreements."

"We have now to consider briefly the question of Conference Agreements with the German Lines, to which our attention was specifically directed. We shall endeavour to show first how these agreements operated and we shall then consider whether they were desirable.

The immediately preceding paragraphs illustrate an important aspect of the Conference question. In the case of the preferential rates to New Zealand, the apparent prejudice to British trade was due directly to the disinclination of the British lines trading to the Dominion to enter into any such agreements with the German lines."

That does not bear out what you say about there being any close relation; it indicates however that there was a disinclination on the part of the British lines to enter into agreements with the German lines?—A. Just so; it seems so.

Mr. DUFF: This follows; the report was written after the war. Do you not think these men who made the report were influenced by prejudice, in view of the fact of Germany having been in the war?

Hon. Mr. STEVENS: That is quite possible.

Mr. DUFF: I means as far as the war is concerned?

Hon. Mr. STEVENS: No, as far as their experience in shipping was concerned.

Mr. DUFF: But they had to deal perhaps with German brokers.

By Hon. Mr. Stevens:

"Broadly, Conference agreements are designed to prevent the kind of abuse which has attracted so much attention to the New Zealand trade, but immunity from such abuse may be bought at too high a price. Shipping, however, could not subsist on rate wars, and the whole object of the conference is to avert that and to produce equality of rates and stable conditions in the ocean trade."

You stated you had wide experience of the Conferences?—A. Yes.

Q. What is your opinion of that statement, by this important commission: "Shipping, however, could not subsist on rate wars, and the whole object of the conference is to avert that and produce equality of rates and stable conditions in the ocean trade."—A. Would you mind repeating that?

Q. In view of what you said—A. That report is issued by whom?

Q. This report is issued by a special commission, which was appointed by Mr. Asquith in 1916, and which reported in 1918, on British shipping and shipbuilding. The part I read was this:

"Broadly, conference agreements are designed to prevent the kind of abuse, which has attracted so much attention to the New Zealand trade, but immunity from such abuse may be bought at too high a price. Shipping, however, could not subsist on rate wars, and the whole object

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of the conference is to avert that and to produce equality of rates and stable conditions in the ocean trade."—A. The sentiment is all right but the practice or the experience does not seem to coincide with that.

Q. It is a desirable object?—A. I never saw a conference stabilize rates yet, in all my experience. I never saw any monopoly in shipping, in a combine, able to stabilize rates at any time.

Q. You do not think it is possible to stabilize rates?—A. I do not say that it is not, but I think that very great advantage is taken of the power of a combine of any kind, and I think many people, in various trades, are made victims of such combines and conferences.

Q. You are speaking generally, now?—A. Well, generally, my experience is all over the world. I have followed them all over the world, and I have felt that this is my experience. There is nothing like, in shipping, as in anything else, open competition, and let the best man come to the front.

Q. Now, take this further clause, on page 592:

"If the control of freights is confined simply to certain commodities of primary importance, a preference will be given to the carriage of all other commodities and the result will, therefore, be the exact opposite to that intended."

I think, Mr. Chairman, this is worthy of thought, even by your august self.

The CHAIRMAN: I will listen with great attention.

By Hon. Mr. Stevens:

Q. "If the control of freights is confined simply to certain commodities of primary importance, a preference will be given to the carriage of all other commodities and the result will, therefore, be the exact opposite to that intended. If the control of freights is confined to particular trade routes, British tonnage will be diverted from those trade routes to others in which the freights are not controlled."

This is a very pertinent question and one very directly bearing on our present status. This report indicates, by its conclusion, that if the control of freight rates is confined to particular routes, British tonnage will be diverted to routes in which freights are not controlled. What do you say in regard to that? —A. I have never seen that in practice, and I do not believe it. I believe the British lines would fight as hard as any line, to maintain their position in any trade, in open competition.

Q. In open competition?—A. Yes, in open competition.

Q. Yes, but this says "control of rates and routes?"—A. Now, in order to break down an aggressive conference or combine, you must adopt certain measures to oppose them, and therefore, I can only use the illustration, with which we are busy here, at present in this Committee, and I know of no other remedy; if the shippers here are penalized by the lines, by an excessive rate, the Government should have it in their power to control those rates. I know of no other remedy that has been proposed to control rates. It never was the intention of the English Government or any other government, to bring down rates to such an extent that it would be impossible for any other line to sell, without making reasonable profits. It would not be business; it would not be politics, and it would not be common sense; but at the same time, I think, it is reasonable, where rates of the whole of this country are controlled in Montreal, New York, and London, that the Government should have some control of the rates, at all events to prevent any excessive rates which might be put up by any conference or by any part of the conference at any time. It means no breaking up of any conference or the breaking up of any shipping combine. That was never the intention I take it, of the Government or any other sensible power. The thing

is, when shippers make reasonable complaints, that they are, for instance, prevented from sending their goods overseas to the market, on account of excessive ocean rates, and the Committee will not listen to them, they should have a court of appeal, such as the Government to appeal to, to help them out of the situation, and that they should have the power or the right to fix certain rates, according to the complaint brought in. That is my idea of the control of rates.

Q. You say, in a condition where the whole of a country's freight is controlled by a combine—in a country where half of the goods were moving outside of the combine, would you consider that the combine then exercised a control that was dangerous?—A. I do not know of such a condition existing in any country, because I can show you a map here, where the whole of the world's shipping is, to-day, pretty well controlled by conferences, and you hardly know where to go with a ship now, to keep clear of their sway somewhere. I do not know of any country which is controlled, one half by somebody, some power, and the other half free. I would like to know it.

Q. You contend then, that all tramps are controlled by the conferences?—A. All tramps?

Q. Yes.—A. No, indeed; on the contrary, the tramps are the only poor creatures who are free of the conferences unless they are bought over.

Q. Then, if the tramps moved a substantial portion of the freight of a given country, it would indicate that that country's traffic was not controlled by the conferences? They would not get the rates because the conferences control them as a rule?—A. We have not a tramp fleet in the world to compete, to-day. I have heard statements made that millions of tons are locked up in Great Britain, of idle tonnage. That I doubt. It is true to a certain extent, but they are all scrap heaps. If you put them in competition, they could not compete with anything. You could not float some of them; so you might look upon the whole of the millions of tons, locked up in idleness to-day, as absolutely useless. I expect Mr. Henry Ford will come and make an offer for them some day, but I can say that it will be impossible to put them into any use at all in comparison with any ordinary ship.

Q. Even so far then, as a country's goods were moved by tramps, to that degree they would be free of the conference or combine control?—A. Yes.

Q. There is another clause. This is the report by the British Commission, at page 593:

“For these reasons we are convinced that the permanent regulations of freight rates, by the Government, to meet isolated cases of complaints, would not only impair the prosperity of British shipping, but would be highly detrimental to the wider interests of British merchants and manufacturers, whose needs can only be satisfied by a great and efficient mercantile marine. The complaints put forward by traders have arisen, very, very largely, due directly to international competition. They are due, in fact, to the necessity sometimes imposed on British shipowners, of having to sell their services abroad, at lower prices than at home, in order to maintain their position in a given market—a practice equally adopted, where necessary, by other industries.”

Now, the point I want to put to you, in order to secure your view is this: “For these reasons, we are convinced that the permanent regulation of freight rates, by the Government, to meet isolated cases of complaint, would not only impair the prosperity of British shipping——”

Do you believe that control of freight rates by the Government would impair the efficiency of the service of shipping to Great Britain or to Canada or to any other country, where the control was exercised?—A. Do you want my opinion on that?

Q. I ask you if you believe that the permanent control or regulation of freight rates by a Government—in this case it refers to the British Government—would impair the prosperity of shipping and the efficiency of the service?—A. That is a difficult question to answer because the conditions may be quite different in various parts of the world, quite distinct from Canadian conditions,—I am only, as I stated, concerned about that—but I take it that that report has been written by conference people.

Q. No. I will give you the names. It might be interesting for you to have them. I probably should have given them to you before.—A. I wish I had seen it before.

Q. Alfred Booth, Chairman; W. S. Abell; James Brown; G. S. Clark; Archibald Denny; H. P. Hooper; Summers Hunter; James Readhead; J. A. Roxburgh; Oswald Sanderson. I think their occupations, etc., are set forth here somewhere?—A. Yes, I know them all.

By the Chairman:

Q. Are they conference men or not?—A. Some are; some are not. Some are shipbuilders. Denny and Readhead, are shipbuilders.

By Sir Eugene Fiset:

Q. I suppose you are aware that Mr. Cleminson has given his evidence, referring exactly to appendix three, of the Board of Trade, the Committee on Shipping and Ship-Building, after the war, in 1918.

Hon. Mr. STEVENS: That only applies to such things as interfere with international relations.

By Mr. Duff:

Q. Would you give us the qualifications of some of the other gentlemen, who wrote that report?—A. Mr. Booth is of the Cunard Line, a Director of the Cunard Company.

The CHAIRMAN: Would you mind giving these names again, Mr. Stevens?

Sir EUGENE Fiset: All this is in Mr. Cleminson's evidence.

The CHAIRMAN: I do not think that was the same-committee.

Sir EUGENE Fiset: The Committee on Shipping and Ship-Building, after the war, in 1918.

Hon. Mr. STEVENS: I was not reading appendix three, at all.

Sir EUGENE Fiset: It is the same report.

Hon. Mr. STEVENS: That is in the first report. This is a second report. I have the names. I was just looking for their occupations. Alfred Booth.

The WITNESS: The Cunard Line.

By Hon. Mr. Stevens:

Q. W. S. Abell?—A. Lloyd's register, yes.

Q. James Brown?—A. Brown?

Q. Yes.

By Mr. Duff:

Q. Do you know his occupation?—A. I am not quite sure.

By Hon. Mr. Stevens:

Q. G. S. Clark?—A. Glasgow.

Q. Just a moment, there are just the signatures. I cannot find where their names are given.

Mr. MONTGOMERY, K.C.: Is the document appointing them there?

Hon. Mr. STEVENS: I was just looking for it. There are two or three here.

[Sir William Petersen]

The CHAIRMAN: You might go ahead with the names, in the meantime.

By Hon. Mr. Stevens:

Q. Archibald Denny?—A. A shipbuilder on the Clyde, Dunbarton.

Q. H. B. Hooper?—A. I do not know him.

Q. Somers Hunter?—A. Somers Hunter, yes, an engineer, of Newcastle-on-Tyne.

Q. James Readhead?—A. A shipbuilder. Northsea. Southsea, rather.

Q. J. A. Roxburgh?—A. I don't know him.

Q. Oswald Sanders?—A. Yes.

Q. I think some of these are merchants. It does not seem to give their occupation but some of them are merchants, I know that, and some ship-builders.

Mr. MONTGOMERY, K.C.: I am informed that Mr. Roxburgh is a tramp owner.

The WITNESS: Some of these names seem to me not quite the sort of names to pronounce upon an international, world-wide shipping problem. For instance, Mr. Readhead, a shipbuilder who lives in the narrow circle of his own works, only cares for ships being put out and to see what price he can get out of them? The same applies to Somers Hunter, an engineer, a charming man, a very able man; but it does not seem to me that this class of people have been in touch with the world generally and with commerce, and that class of people does not seem to me to be the sort of people to pronounce an opinion such as has been expressed in this report.

Hon. Mr. STEVENS: They are not pronouncing individual opinions. This is a joint opinion, a composite opinion. Then there is something on tramps here. No, I think that is all just now.

By Mr. Symington, K.C.:

Q. Before Mr. Montgomery starts, Mr. Chairman, there is one point I want to ask about. In the course of the examination, Sir William, it was stated that the Rio Dorado was a super-heated boat?—A. Yes.

Q. Have your other boats got super-heaters?—A. This is the only boat I have fitted with super-heaters.

Q. Has there been any difference in performance as between the Rio Dorado and your other boats?—A. None whatever.

By the Chairman:

Q. What does "super-heated" mean?—A. Super-heated steam, in order to get more efficiency in the cylinders.

The CHAIRMAN: Mr. McKenzie, I think you have some questions to ask Sir William.

By Mr. McKenzie:

Q. Just one or two questions in connection with the Rio Dorado, which I understand from you is a representative ship of the corrugated type?—A. Yes.

Q. I presume also that the last voyage of the Rio Dorado from Hull to Montreal was quite an average voyage according to your captain?—A. Was what?

Q. Was quite an average voyage?—A. Yes.

Q. You would subscribe to the statement of Captain Hocken?—A. Yes.

Q. Do you attribute that to the hull construction of the Rio Dorado?—A. I do.

By the Chairman:

Q. Attribute just what?—A. To the construction of the Rio Dorado.

[Sir William Petersen.]

By Mr. McKenzie:

Q. The efficiency of it. Now Sir William, as I understand the type of boat, such as a corrugated boat, it has two corrugations on the outside and then between the two corrugations there is an inner or a concave part?—A. Yes, that is right.

Q. And to avoid what is known as “dead water” I understand, on the propeller, that would be the important part of your corrugation, would it not?—A. Seemingly so, yes.

Q. The reduction of resistance is part of that performance of the corrugation, I understand, is it not?—A. Yes, it must be.

Q. Was the photograph that you showed us this afternoon a picture of the Rio Dorado as she came out here light?—A. No, that picture was taken somewhere in the east. I cannot tell you just where. The China Seas somewhere. I have another picture taken at the same time. It was not taken here at all events in Montreal.

Q. Did she come out loaded?—A. No, she came out in ballast.

Q. Came out light?—A. In ballast.

Q. I presume that is light?—A. By “in ballast” I mean without any cargo.

Q. There was some difference of opinion this afternoon, Sir William, on this point; I understood you to answer both positively and negatively as to the space which is confined between the weather deck or the top of the shelter deck and the main or strength deck.—A. Yes.

Q. As to whether or not that is included in the net tonnage. What is your answer to that?—A. This space between the shelter deck and the main deck, do not forget that, is 9 ft. 6 inches and carries cargo throughout, and consequently is not deducted, as in the register; it is included in the gross to be paid duty on—by the Government. Any ship is made to pay on the space in which it carries cargo. The only deduction made is the space for the crew, and the propelling space. I do not know whether I have made that clear?

Q. No, you have not made it clear to me. You know there are many of us who are not very familiar with seafaring and nautical terms, so it will be instructive to all of us along those lines if you will explain.—A. Does it not seem to you common sense that if I have a deck in the ship 9 ft. 6 inches high, 44 ft. beam, and 400 ft. long, the whole of that deck carrying cargo, payable cargo, should be reduced in the register and not paid dues on?

Q. That is not my question, Sir William. I am not asking you what should be, or ought to be, but what is.—A. Well, of course.

Q. In this instance, I am asking you whether or not the space which is known as I have called it, and as my instructions give me as the proper term, the shelter deck, that space as you have described it, and which is contained between the upper part of the shelter deck and the main or strength deck, is that contained in your net register?—A. No, the shelter deck where the accommodation is situated, is always deducted from the net register, as well as the propelling space, the engine room, the boiler space; but every part of the ship which carries cargo is not reduced—is not included.

By the Chairman:

Q. Or, is not reduced and is included?—A. Is included, that is what I mean. It is included. May I, Mr. McKenzie, enlighten you upon this and I will give you the schedule of the ship I showed you this afternoon, and you will be able to compare that with any other ship. If I may just draw your attention to this?

By the Chairman:

Q. Mr. McKenzie has a copy of the contract. It is found in number 1 on page 7 of the schedule of the contract. Schedule A, specifications, and parts

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of the boat. But what Mr. McKenzie wants is this: you see, sir, without intending to, you answered the question both in the negative and the affirmative. As I understand it, there is a space between the two docks, and that space is counted in when the vessel is measured for her register?—A. Certainly.

Mr. DUFF: Where cargo is stowed.

The WITNESS: Mr. Chairman, this is the tonnage of the ship: 5,000 gross and 3,500 net. It is a very simple matter for Mr. McKenzie to compare this with any ship and he will see at once whether it is included or not. It is only a quibble to ask anybody, because the term "shelter deck" is very much misunderstood, and therefore I would like to make it perfectly clear, and the only way I can make it clear is to explain to you that any space in the ship in which cargo is carried is included in the tonnage.

By Mr. Duff:

Q. In the net tonnage?—A. Yes.

By Mr. McKenzie:

Q. Always, Sir William? Always included?—A. In the tonnage.

Q. Always included in the net tonnage? Is that what I understood you to say?—A. In the net tonnage? No. Let me again explain to you: take a square block, or a square box and measure the cubic content of that box; that is the length, depth and breadth multiplied together, and divide that by a certain constant, which the Government adopt. I do not know what the constant is. The result of that is the cubical contents and the gross tonnage of the ship. Deduct from that box certain spaces for anything you like, sweets, cigars, or anything you like in that box; these are deducted as luxuries or necessities from the whole of that gross tonnage, and that becomes the net tonnage.

Q. Well, if you are perfectly satisfied with your definition of it, Sir William, I would ask the Chairman as to whether or not now he knows whether the shelter deck space is included in the net tonnage or not.

The CHAIRMAN: Well, he does. Of course it is, Mr. McKenzie.

Mr. McKENZIE: It is included in the net tonnage.

Mr. DUFF: Wherever cargo is carried. Qualify yourself there, Mr. Chairman.

Hon. Mr. STEVENS: Quite right. There is a serious qualification there.

By Mr. Rinfret:

Q. Mr. Chairman, we will be all confused again. Can I put the question of a layman, neither a seafaring man nor a lawyer. Do I understand that on board your ship every space that can be occupied by cargo is counted as tonnage?—A. Certainly.

Q. Stop there, please then.—A. Yes, Mr. Rinfret, that is the proper way to put it.

Q. Do not confuse it again by new questions, that is the point.

The CHAIRMAN: Go on then, Mr. McKenzie.

By Mr. McKenzie:

Q. I think we have cleared that up, Sir William, at least to your satisfaction. There is another point you mentioned this afternoon.

Mr. MONTGOMERY, K.C.: Why not get that register? That is the thing that will show that one way or the other.

By Mr. McKenzie:

Q. Mr. Montgomery suggests to me that we have not yet received the ship's register of the *Rio Dorado*. When are we to expect that?—A. I am

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exceedingly sorry because I left instructions, not only with the captain but with the agents in Montreal, to have it copied and officially certified, and I have information to the effect that that was done by the Customs authorities in Montreal, and I have been under the impression that it was sent here to the Committee, but whether it has been actually done or not, of course, I am not able to say, but I will inquire at the Custom House.

Q. At any rate, Sir William, that will clearly show whether or not the space we have been speaking about, the shelter deck space, is included in the net tonnage or not.—A. Well, certainly, yes, it ought to.

Hon. Mr. STEVENS: Mr. Chairman, we ought to have that, there is no question about it.

The CHAIRMAN: I agree with you, Mr. Stevens, and I have requested that it should be produced right away.

Mr. MONTGOMERY, K.C.: My point is, that that same captain who gave us all that evidence, distinctly understood that he was to produce it and undertook to produce it, and has gone away without producing it, and to say someone—the Lord knows who—has sent it up here, is a very unconvincing answer.

Mr. SYMINGTON, K.C.: Rubbish. He said he would arrange to get a copy, or give orders to have a copy made. Now all I can suggest to the Committee—I do not know what Sir William has on it—is that if we do not get it, you wire the Customs House officer in Montreal to send it; instruct the Clerk of the Committee so to do.

The WITNESS: Certainly.

By the Chairman:

Q. Sir William, we have not received that copy of the register yet. Is a copy of it available in Montreal?—A. Certainly.

By Mr. Duff:

Q. Where is it, in Montreal?—A. In the Custom House, certified to by a Customs official.

Q. That has been mislaid in Montreal, but unless the Custom House officer has it, it is impossible to get another copy there?—A. That is true.

By Mr. Symington, K.C.:

Q. What word have you got about this thing?—A. I got word that the register had been copied at the Custom House, where the register was kept, before it was handed back to the Captain, and that the copy had been forwarded to Ottawa.

Q. By a Customs man?—A. No, I think by the agents.

By the Chairman:

Q. Who are your agents?—A. The Whitney Company. I will telegraph to-night to ascertain what has become of the copy. I have no interest in keeping back the copy; there is nothing in it.

Mr. MONTGOMERY, K.C.: Excepting that it would answer the last question, over which we have spent ten minutes.

The WITNESS: Yes, but the question was not of very great importance, to my mind. You should be satisfied with it—as far as the records are concerned.

By the Chairman:

Q. Will you undertake to do that to-night?—A. Yes, but you will understand, Mr. Chairman, that a ship's register is always kept aboard the ship until it gets into port, and then it is inspected at the Custom House, and very often retained by the Custom House until the ship has cleared. That is what took place here.

[Sir William Petersen]

Mr. MONTGOMERY: The Captain has gone away with that thing.

Mr. SYMINGTON, K.C.: You are too suspicious, Mr. Montgomery.

The WITNESS: The Custom House official copied it and certified to it.

The CHAIRMAN: Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. Do you regard 'tween-deck space as essential for the carriage of package freight?—A. Do I what?

Mr. McKENZIE: Read the question.

(The question read),

The WITNESS: I do not understand that question.

By the Chairman:

Q. Sir William, do you regard 'tween-deck space as essential for the carriage of package freight?—A. A most excellent place in which to carry package freight.

By Mr. McKenzie:

Q. Do you regard it as essential?—A. The 'tween deck? Certainly.

Q. It is essential for package freight?—A. Yes.

Q. Now, let us carry the argument we have had along, in regard to where we are going to carry cattle?—A. Yes.

Q. I understand 450 head would be carried by one of your ships?—A. 450 or 500, yes.

Q. That would fill your 'tween-deck space?—A. Yes, if we carried them in the 'tween deck, it would, during the winter, but we could also carry them on the shelter deck—or a great number of them.

Q. Where is the shelter deck? I thought that was the 'tween deck.

Mr. SYMINGTON, K.C.: You know very well what he means.

The CHAIRMAN: Call it the top deck and the bottom deck.

Mr. RINFRET: Why not give them a number, deck No. 1 and deck No. 2—how many decks are there?

The CHAIRMAN: There are just two decks in the ship, Mr. Rinfret.

By Mr. McKenzie:

Q. There is just one more point I want to clear up, Sir William, and it is regarding what you technically described as "slip"?—A. Yes.

Q. I understand your ships are not known to have that particular defect?—A. I do not think I said that. We all have our little faults, but the faults are very greatly minimized on the Monitor ships, the corrugated ships.

Q. But the other ships, the inferior type of ships such as the Conference lines use, would run anywhere between 20 and 30?—A. No; I would say the superior ships run by the Conference lines would have a much greater slip.

Q. This would be between 20 and 30, I understood you to say?—A. No, I did not say anything of the kind; I said it might run to that. I do not think you quite appreciate what "slip" means.

Q. I am quite sure I do not, Sir William, and I would be glad to have your elucidation?—A. If the propeller runs normally in a solid mass of water, with a steady ship, and carries out the whole performance expected from that propeller, she would have no slip at all, but it sometimes takes place, either by the motion of a ship or by the water, bad weather, a dirty night at sea, with the ship rolling, and she loses the efficiency of her propeller by slipping, and by that slip her speed is impaired, and it increases her consumption. Therefore, a ship that has little slip is gaining all the time in every respect, and that is what takes place on my ships; they have a minimum slip and go ahead all the time, with the propeller moving in solid water.

[Sir William Petersen.]

Q. What would you estimate that slip to be, Sir William?—A. Well, our slip, as a rule, is between three and five per cent, but I have seen it as much as ten or twelve per cent in very bad weather.

Q. That would be an extraordinarily bad case, I should imagine?—A. I think so, yes. Of course, I have really not sailed the ships myself, and I can only go by records. When I have to pay the coal bills for the ships, and I ascertain that I only pay about half the price for coal for an average performance, I am quite pleased, and I know there has been very little slip.

Q. I would rather imagine that, Sir William, because I was looking at Exhibit 76, which has been filed by your chief engineer—

Mr. SYMINGTON, K.C.: What page is that?

Mr. McKENZIE: At page 693.

By Mr. McKenzie:

Q. —and on two different occasions he estimates your slip: on one occasion 21.2; on another occasion 21.4; another at 18.8, and another at 16.6, so there was a considerably higher slip than even your worse guess, which was 12?—A. Yes. But you would find that other ships—ordinary ships—in that case would probably have a slip of 50 or 60 per cent.

Q. This (indicating) is the picture you exhibited this afternoon, as a photograph of the *Rio Dorado*?—A. Yes.

Q. Would you file it in the custody of the Clerk?—A. Yes.

Q. Not as an exhibit?—A. I will make a present of it to the Committee; they can have it framed.

By Mr. Rinfret:

Q. May I ask you, Sir William, what, in your opinion, is the percentage of slip of the average ship—not of your ships?—A. The slip of the propeller?

Q. Yes, of the average ships? What is the percentage as compared to yours?—A. Very much greater, as a rule. The initial slip in any ship is always there, in a straight-sided ship, by the churning up of the water. When you see a ship going ahead, you will find the water is churned up as the propeller moves, therefore there is a certain amount of energy expended. In my ships, you will find you can see the propeller, by looking over the stern, running in solid water. The slips take place in bad weather where the ship is pitching and rolling, through the propeller getting into various angles at which it was not intended for it to work. Propellers, like ships are built to work with the ship straight on the keel in smooth water.

Q. I understand that, Sir William, and I think the Committee does, but you gave figures for your own ships?—A. Yes.

Q. Can you now offer figures for other ships—for an average ship?—A. In my experience, I have found that the difference is very great—a difference of between 10, 12 and 15 per cent in the slip under the same conditions, which, of course, affects the efficiency, and the speed and consumption accordingly.

The CHAIRMAN: Have you any further questions, Mr. McKenzie?

Mr. McKENZIE: No further questions, sir.

The CHAIRMAN: Mr. Montgomery, I think you have some questions to ask the witness.

By Mr. Montgomery, K.C.:

Q. Sir William, you gave the Committee, at the instance of my learned friend this morning, an account of your various ventures into Canadian waters?—A. Into Canadian—

Q. Waters?—A. That is right.

Q. And you mentioned, as your first, a contract that you entered into with the Dominion Coal Company at Cape Breton?—A. Yes, sir.

[Sir William Petersen.]

Q. Your statement there was that by the efficiency of your methods, you cut down the costs from \$1.50 to 75 cents or less?—A. Yes.

Q. Now, I would like to give you the opportunity of reconsidering those figures, if you were speaking loosely at the time, because I may tell you they are quite at variance from the information which I have from the Dominion Coal Company?—A. Yes.

Q. Are you sure of those figures? I can quite understand you may have been giving them carelessly?—A. I was not, Mr. Montgomery. I will stand by the figures I have given you, and I will prove them by correspondence which I have on the subject. I have been too long in that business to make any mistake. The information you have on that subject is quite incorrect, if it is different from what I have given you.

Q. That is all I wished to know. I wished to know if you would adhere to that statement?—A. I am very much obliged to you for calling my attention to it; I would not like to commit perjury.

Q. There is no suggestion of that, Sir William, but this happened a long time ago and our memories are sometimes defective?—A. Quite.

Mr. SHAW: Would you tell Sir William the nature of the information which you have?

Mr. MONTGOMERY, K.C.: The information I have is nothing like that. There was a reduction, but nothing like that. Captain Shaw suggests I give you, Sir William, the information which I have. I will be very glad to give you any information I have at the moment.

The WITNESS: Thank you very much.

Mr. MONTGOMERY, K.C.: My information is that there was a small reduction, but that it was nothing like one-half and that the statement was ridiculous.

Mr. DUFF: Mr. Montgomery, let me say right here that Sir William mentioned, I think, a rate of 75 cents per ton. I know that coal has been carried cheaper than that from Sydney to Montreal.

The WITNESS: It is now.

Mr. DUFF: So, if the Dominion Coal Company say they did not carry coal at this rate, they are mistaken. It was carried at 62 cents a ton.

The WITNESS: I might also explain, perhaps, in all fairness to myself, that when I undertook to do that, with Mr. Henry Whitney of Boston, I built ships specially adapted for that trade, and I asked a very high figure on time charter for a number of years, and it was very much doubted whether I could carry it out. I was under no guarantee, but I did carry it out and I am very proud of doing that, and I am going to stick to what I said, and I am going to prove it to you, in spite of any opinion you may have to the contrary.

By Mr. Montgomery, K.C.:

Q. The objection was to the statement that it had been reduced from \$1.50 to less than 75 cents.

Mr. DUFF: Sir William's point was that he carried it at 75 cents.

Sir HENRY DRAYTON: No, the point is the reduction from \$1.50 to 75 cents.

Mr. MONTGOMERY, K.C.: That is enough for that; I have finished with that.

By Mr. Montgomery, K.C.:

Q. Then your next contract was the Petersen contract of 1897?—A. Yes.

Q. Which you say fell through because the Spanish-American war broke out, and the underwriters withdrew?—A. Yes, some of them, yes; that was not quite all the cause.

Q. I do not wish to misinterpret you.—A. There was great pressure by the shipping lines, as I intimated this morning in my evidence, but it drew it out,

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extended the time somewhat longer than it would have done, and in the meantime the Spanish-American war came on, which closed up the whole thing.

Q. How long did the Spanish-American war last?—A. It lasted from April—

Q. 1898?—A. 1898, for about a year.

Q. To December, 1898?—A. Yes.

Q. Those are the official dates?—A. Yes. Thank you.

Q. April, 1898, to December, 1898. Now, what about 1899, and 1900, and 1901, and 1902, and 1903?—A. I do not know. You see, I had to give up the whole project at that time, when my underwriters withdrew.

Q. Did you give it up then?—A. Yes.

Q. That would be when?—A. What?

Q. When did you give it up?—A. In 1899.

Q. In 1899?—A. Yes.

Q. The Spanish-American war was over then?—A. Well, it may have been over; I really could not tell you; I do not remember. At all events, it upset matters to such an extent that it was no use to resuscitate anything in the way of financing.

Q. You mentioned in your evidence that your deposit was given back to you a year or two after. A year or two after what date?—A. Yes.

Q. A year or two after what date?—A. After 1899, I think. I think I got the deposit back in 1901, and the bankers' guarantee was cancelled a few months after; I have forgotten the date, but the fact remains that it was so.

Q. I see in Hansard that questions were asked from year to year as to when you were going on with this contract, and the answers varied, but there is "No information" and "No further information" and so on. You mentioned that an extension was given to you. When was that extension?—A. I beg your pardon?

Q. You mentioned an extension having been given to you?—A. Yes.

Q. When was the extension given?—A. The extension was given in the end of 1898 or the beginning of 1899; I do not remember the date.

Q. As a matter of fact, Sir William, this was another venture with a new type of ship, was it not?—A. Yes.

Q. And you predicted everything for that new type of ship which you are predicting for your corrugated ships today?—A. Yes.

Q. And one of the strong cards which featured at that time, at the time the tender was awarded to you, was the wonderful things that were to be accomplished by this new type of ship?—A. Quite right.

Q. They were popularly known as the "Bottleneck" ships, were they not?—A. Some called them so here, I believe; I have never heard of them by that name elsewhere. That was before the days of prohibition, I think.

Q. And those were to be applied to this fast passenger and mail service?—A. Yes.

Q. To carry so many more passengers?—A. Yes.

Q. An enormous saving in fuel consumption?—A. No, not at all; nothing whatever to do with that.

Q. Speed?—A. No. They were to be 20 knots speed, but only under ordinary conditions which might be applied to any other ship.

Q. And they were to revolutionize the shipping industry at that time?—A. They were to do nothing of the kind; they were to initiate a fine passenger service in the St. Lawrence trade, where there were no passenger ships in those days, even by the Canadian Pacific. There were some old hulks running at that time, but not real up-to-date passenger ships.

Q. I am reading, Sir William; from Hansard for 1897, where your contract is being supported by Mr. Dobell, who apparently was its chief sponsor in the House. You recall the late R. R. Dobell, do you not?—A. Richard Dobell? Yes.

Discussion followed as to revalancy of questions.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. At the time you were negotiating, shall I say the 1897 contract, were you suggesting that you were going to carry it out with a new type of steamer which was going to revolutionize the shipping industry?—A. I do not think I used that expression, but I indicated the type of steamer, and I submitted plans.

Q. And that is what was referred to in different places as the "bottle-necked" steamer? I would be glad to use the other term if you will give it to me.—A. I shall explain to you, perhaps why it was called a bottle-necked steamer. It is very simple.

Q. But there is no doubt a more correct name?—A. You are quite correct, but I do not object to it, because I would like to show you how it came about. It is pure ignorance on the part of some people—.

By Hon. Mr. Stevens:

Q. A whaleback?—A. No, not a whaleback. This (indicating sketch) is an amidships section of a ship. That is, when you cut the ship in two, right in the middle you will find a section something like that.

The CHAIRMAN: The witness holds up a representation of a fat bottle.

The WITNESS: And that amidships section would look like a bottle, and that is why the Canadians called them bottle-necked ships. That is the explanation.

By Mr. Montgomery, K.C.:

Q. And that is something which was at that time entirely novel?—A. Yes.

Q. And was the ship that you proposed to put into this 20 knot passenger mail service?—A. Now, I would save you and the committee a lot of time, I think, if you would just allow me to explain one or two things to show you my justification for recommending that ship. In the first place, that ship had all the Classification Societies' approval—Lloyd's, Bureau Veritas, British Corporation, or anything else. Then, in addition to that, apart from the Board of Trade, I had the Admiralty adopting the ships for British cruisers, for which I got an additional subsidy of £7,500 a year from the British Government.

By Mr. Duff:

Q. 7,500 pounds?—A. Yes. 30,000 pounds. That was kept quite private at the time, but now I think I can explain it. Mr. Montgomery— I do not know whether I am addressing myself to you or not, but I think I would like to answer that question, if you would not mind. I would like to have you understand that I feel the necessity of answering your question.

By Mr. Montgomery, K.C.:

Q. I am possibly more interested in my questions than your answers, Sir William.—A. The fact remains that those ships which were recommended to me by the Canadian Government had not only the approval but the actual adoption by the British Admiralty, the highest authority in the Admiralty, Sir William White, who recommended them for British cruisers; Mr. Goschen, Sir Joseph Chamberlain and others granted me an extra subsidy of 7,500 pounds per ship for British cruisers.

Q. I am not particularly interested in all that?—A. I will tell you why I am, because we were talking about the bottle-neck ship as if it was a freak ship. I am proving that it was a real up-to-date ship, which could be used the same as other cruisers of the White Star and the Cunard lines, and for which the Admiralty paid or were willing to pay.

Q. All I wished to ask you was this, Sir William; some 28 years have gone by, have they not, and this ship which was then to revolutionize the industry

[Sir William Petersen.]

has not yet come into general use for the purpose?—A. I object to your using that expression, Mr. Montgomery, if you think it emanated from me, because I never blew so much gas as that about this ship. I never intended to revolutionize anything.

Q. Let us put it in this way; I do not suppose you would call your recommendations in regard to the corrugated ships as so much gas?—A. I do not like to blow gas about anything, I like to prove it. I would like any man in the whole world to prove that my statement in regard to corrugated ships is not correct.

Q. I do not dispute your statements. All I am trying to get from you—and I will tell you my point—is that similar representations were made at the time of the 1897 contract in regard to a ship which was then to change the order of things in the shipping industry?—A. Yes, whatever anybody else has said in those days, I think most of them are now dead, so “*de mortuis nil nisi bonum*”.

Q. Fortunately we have you here, and I would like to ask you one or two more questions. Was it your suggestion that this type of ship construction would make a steamer much more rigid and strong, and therefore with less vibration?—A. That is right.

Q. That these ships would have a bend in them, and that the bend would provide additional strength?—A. What?

Q. These ships would have a bend in them?—A. Yes.

Q. A corrugation?—A. A corrugation.

Q. And that the bend would give additional strength?—A. That is right.

Q. And that when a sea struck the side of the steamer, instead of it running up the side and on to the deck, it would be broken by the bend and be thrown out?—A. Are you now referring to my passenger steamers in the 1897 contract?

Q. Yes.—A. Quite right. That is right.

Q. Also that being more like the neck of a bottle, it would afford more passenger accommodation?—A. Well,—

Mr. RINFRET: What are you quoting from, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: I am asking him whether these were his views at the time.

Mr. DUFF: In connection with what?

The CHAIRMAN: You were asking, Mr. Montgomery, whether the witness ever made certain representations?

Mr. MONTGOMERY, K.C.: What was his idea at the time, if it was more like the neck of a bottle, it would afford more passenger accommodation?

The WITNESS: Perhaps you would like the accommodation of those ships, if it were not more than 4 point 4.

By Mr. Montgomery, K.C.:

Q. Do you say that they were or were not 4 point 4, whether they had more strength or not?—A. .75.

Q. What?—A. .575.

Hon. Mr. STEVENS: We have discovered where the Captain got his humour.

Mr. MONTGOMERY, K.C.: Yes, we have.

The WITNESS: I have never lived with him, Mr. Stevens.

By Mr. Montgomery, K.C.:

Q. Also that it would remove a great deal of the bracing on the interior?—A. Yes.

Q. That may be the 4 point 4 too?—A. Yes, if the crew behaved themselves.

[Sir William Petersen]

Q. So many of these things are similar to the claims which you are making seriously to-day for your corrugated ships; is that not so?—A. I have nothing whatever to do with that.

Q. Now, those ships were the first of their class which were to be put upon the Atlantic service?—A. That is right, as passenger ships.

Q. As passenger ships?—A. As passenger ships, Mr. Montgomery. There were quite a number afloat as cargo boats at that time.

Q. But these were quite an improvement on the Turret cargo boat?—A. Yes, of course.

Q. You would not class them with the Turret cargo steamers, would you?—A. Certainly not, the same as the corrugated ships when we turned them into passenger ships. You will find them to be of the same type, only of a superior class.

Q. My point is this, and I put it to you frankly, that 27 or 28 years have gone by, and this type of ship has not been adopted for the mail-passenger trade in the service which was then proposed?—A. Of course not.

The CHAIRMAN: Perhaps Sir William would enlighten us; if not, why not? I would like to know that. You say "of course not." Why has it not been, if it had these excellencies?

The WITNESS: Well, Mr. Chairman, because it was a special type of ship, and the opposition which was against me at the time, and which was always of the most innate conservative kind, made use of this type and used every argument they could against it, to prevent anybody building it, and they poisoned every channel, the same as people have done in connection with the corrugated ships, and you know how very difficult it is to convince anybody of a thing which he does not understand. The same to-day, when I come to give evidence about the efficiency of my corrugated ship and have my Captain and the Chief Engineer, a great number of people really I believe thought they were sitting here committing perjury. It is a most difficult thing. When I first took up the corrugated ship in 1906, large sums were expended on the first ship as an experiment of this new type, and if you experiment with a ship it is not like experimenting with a toy top; you have to put down 100,000 pounds or more, which means that you have to look at a thing very seriously, and it took a number of years before we could get other people to realize the qualities of this type of ship. To-day the evidence was brought out by Mr. Montgomery I think, and somebody question the number of ships built, and the answer was given as about half a dozen I think since 1921. Is that right? Now, I have to give this information before this Committee, and I think it is proper that I should, that since we started in 1905, 29 ships have been built of this type.

By the Chairman:

Q. Of what type would they be?—A. The corrugated ship, this type. During the war of course no building took place, that is, exclusive of the war. I have built 29 of these ships, and to-day we have 8 ships building by some of the most prominent owners in England, such as Sir John Lacker, Sir Walter Runcimana and several other experienced owners, who are building these ships to-day, and much larger ships, showing you how very difficult it is to adopt anything new in naval architecture.

By Mr. Duff:

Q. I suppose every naval or marine designer or architect has ideas of his own?—A. Yes.

Q. In regard to how ships should be laid down?—A. Quite so.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. Coming to the corrugated ship itself, you have had the idea patented since 1905, a period of 20 years?—A. Yes.

Q. And you tell us that in those 20 years 29 ships have been built?—A. Yes.

Q. What is the total tonnage of those 29 ships?—A. I will tell you.

The CHAIRMAN: Perhaps Sir William can give it to us in round figures.

By Mr. Montgomery, K.C.:

Q. Round figures will be near enough, Sir William.—A. I would rather give it correctly. Some of the earlier ships were of a smaller type, from 3,500 to 4,000 tons, running up to 10,000 tons, so that it is very difficult to strike the actual tonnage. I have the actual figures somewhere.

The CHAIRMAN: Give it to us approximately to-night, and you can correct the figures after you have had a chance to look over your papers. That will be satisfactory, Mr. Montgomery, will it not? That Sir William should give the approximate tonnage now and give it to us exactly afterwards?

Mr. MONTGOMERY, K.C.: That is quite satisfactory to me.

Mr. SYMINGTON, K.C.: Or leave it until he gets it right.

The CHAIRMAN: Leave the question until to-morrow, Mr. Montgomery, because you cannot finish with the witness to-night.

By Mr. Montgomery, K.C.:

Q. The Clyde is quite a shipbuilding locality?—A. Yes.

Q. Possibly the greatest in the British Empire?—A. I suppose so.

Q. I have before me a clipping from Lloyds, dated May 13, 1925, describing the launching of the motor vessel, the *River Ottawa*?—A. Yes.

Q. That is your boat, is it not?—A. Yes.

Q. One of the ones you were referring to this afternoon?—A. Quite.

Q. It speaks here of its being built on the monitor corrugated system of construction. It says "it is the first vessel built on the Clyde, on the monitor corrugated system of construction"?—A. Yes.

Q. So of the many thousands, I might say, of ships, that have been built in that time on the Clyde this is the very first that has been built of that type, speaking of the whole period, to 1925?—A. They have just come to their senses there now.

Q. I beg your pardon?

The CHAIRMAN: He says they have just come to their senses now.

By Mr. Montgomery, K.C.:

Q. They have just come to their senses there now. I suppose every shipping company of any importance has had great and small vessels built on the Clyde during those twenty years?—A. Yes, no doubt of it.

Q. And every naval architect of any prominence has designed and made specifications for ships to be built on the Clyde, in those twenty years?—A. Yes, no doubt.

Q. But this is the first type that has ever been constructed there, and that for yourself?—A. Quite.

Q. And this, notwithstanding, the tremendous advantages which you claim for the type?—A. Quite.

Q. And I think I am not over estimating your evidence, if I say that this type of ship, according to you, will apparently cut the costs of operations in two.—A. Absolutely. If I might correct that, call it "thirds", to be more safe.

By the Chairman:

Q. Cut it by one-third, you mean?—A. Yes, by a third.

[Sir William Petersen]

By Mr. Montgomery, K.C.:

Q. At that time, you had another idea, did you not, which was novel, in reference to the bringing of boats into the St. Lawrence?—A. What is that?

Q. You had another idea that was novel, in reference to bringing the boats into the St. Lawrence, did you not?

The CHAIRMAN: Are you speaking of 1897?

By Mr. Montgomery, K.C.:

Q. 1897.—A. Yes. Is that the fast line?

Q. Yes.

The CHAIRMAN: The bottle neck ships, he is talking about.

By Mr. Montgomery, K.C.:

Q. Would this be a fair statement of your improvement or represented improvement at the time: "Apart from the details, in regard to the design of the steamer, the contractors being Petersen-Tate and Company, have had to face a very tangible difficulty in combating the fogs of the St. Lawrence. With such a long journey up the great waterway, to say nothing of the approach to it, expedients to assist the steamers in navigating during the prevailing thick weather at certain seasons of the year were absolutely necessary if success was to attend the scheme. Mr Petersen set himself to solve this hitherto almost insoluble problem, and hit the happy and thoroughly feasible plan of employing a fast little craft of the torpedo-boat type to act as pilot and danger signal to the ocean steamers."

Mr. HALBERT: Are you reading that from "Jack Canuck."

Mr. MONTGOMERY, K.C.: "The little vessel is designed to travel down the river and meet the incoming steamer, and is to be fitted with a sound signalling apparatus and a powerful electric searchlight, both of which can be used at will and operated upon day and night in case of thick weather. She will meet the approaching steamer on her passage up the river, sounding her signals at intervals, and giving an extra signal in case of danger. Taking charge of the steamer she precedes her, and acting as a pilot enables the navigation of the waterway to be conducted at a comparatively high speed, but nevertheless with comparative safety. This excellent device, we understand, commended itself very strongly to the Canadian Government, and is expected to prove quite efficient as a means of facilitating safe and rapid transit through what for want of it have always been considered dangerous waters."

Mr. DUFF: What are you reading from, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: A puff on the scheme from "Fairplay," an entirely favourable one, to Sir William Petersen's contract.

By Mr. Montgomery, K.C.:

Q. I asked whether that was a fair statement of your novel proposal at the time?—A. Are you asking me that question now?

Q. I am, sir.—A. Well now, 28 years ago, you were a very young man.

Q. I am glad you give me the credit for it.—A. Do you not remember the reputation of Canada in those days? The reputation of Canada in those days was that it was either full of ice, up to the St. Lawrence or it was never sufficiently clear of fog that anybody could come near it.

Q. You have not answered a single one of my questions yet?—A. This is part of my answer. I am going to qualify that answer by saying why this torpedo boat was adopted, because the average person in Europe did not know Canada in those days, when Mr. Montgomery was very young.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. Do not rub it in to me too much?—A. Therefore, it was stated all through the press, all over Europe, that no ship with a 20 knot speed, could possibly ever reach Canada and could certainly never travel up the St. Lawrence. In order to counteract all this, I bought a torpedo-boat which was built for the British Government, to have ready at the end of the St. Lawrence, with signals, night and day, to meet the incoming ships, in case of fog and to pilot them up through the St. Lawrence. That was the idea of the torpedo-boat.

Q. I take it that the statement which I read to you is a fair statement of one of your ideas at the time, in connection with the 1897 contract?—A. Well, I have given you my reasons.

Q. As a matter of fact, it was one of your covenants in the contract, was it not?—A. I really do not remember.

Q. I am reading from Clause 52.—A. Mr. Montgomery, do not confine me to a contract which I made 28 years ago. If you will put the contract before me I will follow you, but I do not remember the clauses of the contract.

Q. I will put it before you; clause 52, Sir William.—A. Yes.

Q. "The contractors will further provide and maintain, during the continuance of this agreement, a fast tender of the torpedo boat type, of a speed not less than 22 knots per hour, which said tender is to meet each steamer on her approach to the Canadian coast, when required, and pilot her in or towards her destination, so as to ensure her safety and to reach port without delay,"—A. There is no necessity for such a tender now-a-days.

Q. This is another case where 28 years have gone by, without being impressed with that idea.

The WITNESS: Twenty-eight years ago people had a different idea of Canada.

By Mr. Montgomery, K.C.:

Q. Let us see if we can leave the bottle-neck and the torpedo boat for a minute and come back to the contract itself.

The CHAIRMAN: If you are finished with the bottle-neck—

Mr. MONTGOMERY, K.C.: I have not finished with the 1897 contract, but I have finished with the bottle-neck.

The CHAIRMAN: I do not think it is possible to finish with the witness to-night, so I suggest that we adjourn until some hour to-morrow. May I ask counsel whether they hope to finish with witnesses to-morrow? I would be very anxious, if we could sit long enough to-morrow, to finish with all the evidence.

Mr. SYMINGTON, K.C.: I am through.

Sir HENRY DRAYTON: Let us go on for another hour to-night, Mr. Chairman. I understood there was great anxiety to get through.

The CHAIRMAN: We have had one witness on the stand for four hours.

Sir HENRY DRAYTON: I am quite prepared to sit until twelve o'clock.

The WITNESS: I am quite prepared to go on.

The CHAIRMAN: Sir William says he is quite prepared to go on. I did not consult him myself. I thought possibly he would be tired, but if it is the desire of the Committee to proceed, and if Sir William is ready to go on, we will go on.

The WITNESS: I am quite ready.

By Mr. Montgomery, K.C.:

Q. You told us this morning, Sir William, that you deposited £20,000 with the Canadian Government, £10,000 in cash, and a banker's guarantee for £10,000.—A. Yes.

Q. In due course you applied for the return of the money?—A. Yes.

[Sir William Petersen]

Q. And that the Government, very graciously, granted your application?—
A. Yes.

Q. And that even the Opposition, in those days, Sir Charles Tupper, admitted, which is of record in Hansard, that you had done your best and played the game?—A. Yes.

Q. I have been endeavouring to check that up since you gave your evidence, Sir William, and I cannot find the record to which you refer.

Mr. SYMINGTON, K.C.: Perhaps we can give it to you to-morrow.

The WITNESS: You will find a record, not the expression, of playing the game; but he used that expression to a friend of mine, Sir William Mackenzie, of whom he was a great friend, but he made the statement in the House of Commons (Sir Charles Tupper), which you will find in Hansard, saying he felt sure it had been a very formidable task for me, but he also felt sure that I had done my very best. That was my evidence.

Q. We do not find the expression used in Hansard, the expression you used this morning. We will take it that you will not find that in Hansard.

By the Chairman:

Q. Will you find the very word "playing the game" in Hansard?—A. No. He used that expression to a friend of mine, Sir William Mackenzie.

By Mr. Montgomery, K.C.:

Q. Sir William, lest we go further astray, let me tell you, for your information that all this took place in 1903, that you are mistaken as to your dates.

The CHAIRMAN: What did he say? 1903?

Mr. MONTGOMERY, K.C.: He said it was a couple of years afterwards. I am not reproaching him at all, except for those errors of date. I am frankly drawing his attention to it.

The WITNESS: All I know is that I got the money back. If you pin me down to dates, 28 years ago, I cannot tell you exactly.

By Mr. Montgomery, K.C.:

Q. I am not trying to, but I am frankly telling you that it was 1903, so you will speak with the facts before you.—A. I am stating the facts to you to the best of my ability.

Q. I draw your attention to that because I do not know that Sir Charles Tupper was in the House at that time in 1903.—A. Well, I have copies of the Canadian Hansard, and I could produce them to you to show.

Q. Perhaps to-morrow you can give the reference to it?—A. I will try to look it up.

Q. And for information I may say, the whole debate apparently, the first time and the only time this question came up will be found on pages 6959 and following of the Hansard for 1903.

Sir HENRY DRAYTON: I think he was not in the House at that time.

Mr. DUFF: He was defeated in 1900.

The WITNESS: He was defeated in 1896.

Mr. MONTGOMERY, K.C.: No, his Government was, Sir William. They are speaking of his personal election.

The WITNESS: Oh yes.

Mr. MONTGOMERY, K.C.: I take it that Sir Robert Borden, who appears to have taken a prominent part in the debate, was then the leader of the Opposition, was he not?

Hon. Mr. STEVENS: Yes, he was.

Mr. MONTGOMERY, K.C.: So as to the attitude of the Opposition—not that I wish to introduce politics at all—but in connection with this supposed statement of Sir Charles Tupper's, I say that the statement that this represents the end of the bottle necked service is the only statement which I can find that can be treated as a concurrence, is one where Mr. Osler states:—

“I agree that, probably under all the circumstances, it is the proper thing to return the deposit; and I think we are getting out of the proposed bargain for these bottle necked ships cheaply. I think we should have been in a bad way if these gentlemen had fulfilled their bargain.”

Now that is the only thing, Sir William, that even approaches what you told us this morning.

The WITNESS: I am sorry you mentioned that, because I had the most kindly recollections of the great generosity of the Government at that time, and it stirs up bitter feelings when I hear anyone saying nasty things like that.

Mr. MONTGOMERY, K.C.: Then you will have to credit yourself for having opened the question.

The CHAIRMAN: As a matter of fact it was not the Government that said that.

By Mr. Montgomery, K.C.:

Q. Now this bank guarantee that you put up had been returned previously had it not, or cancelled?—A. No, I don't think so. I cannot tell you.

Q. It is so stated.—A. I think it was returned after the cash deposit.

Q. In connection with some revision or something of the contract as a condition?—A. No, I don't think so. I do not remember. All I know is that the bank guarantee was cancelled.

Q. My friends, Mr. Symington and Mr. Donald can check that. If you want the whole sentence I was reading, it goes on to say:—

“The Government went into the scheme quite ignorant of what they were contracting for, undertaking a very large expenditure on an experimental ship which has not turned out to be a success for that class of navigation. We are burying one of the attempted bad bargains of the Government at very small expense when we return this deposit.”

(Page 6956 Hansard, 1903, Vol. III).

Mr. HALBERT: Mr. Chairman, were those ships tried? Were they put on the water, that were mentioned then. If not, it has no application whatever. I would like that question answered. Were those ships put on the water and tried?

The CHAIRMAN: I will ask Sir William that.

Mr. HALBERT: He is claiming that the other ships proved a failure. Now were they tried?

By the Chairman:

Q. Sir William, were these ships which were the subject of the contract of 1897, actually built and tried on the St. Lawrence River?—A. No, of course not.

Mr. HALBERT: Then that has no application.

By Hon. Mr. Stevens:

Q. Just a moment, Mr. Chairman. This type of ship to which you refer, while not introduced under this contract, were used throughout different parts of the world?—A. Yes, certainly.

Mr. HALBERT: But not under this contract.

[Sir William Petersen]

Hon. Mr. STEVENS: None were supplied. The contract failed. The company failed. They could not raise the capital.

The WITNESS: On account of the war. Perhaps Mr. Chairman, you will allow me to put a question?

Mr. MONTGOMERY, K.C.: Don't question me, Sir William.

The WITNESS: To put an answer to your question. In 1897 the Government of Canada did not run one pennyworth of risk. They had £20,000 on deposit of my money and there was no subsidy payable until these ships were actually in commission. To-day the Canadian Government, on the contract on which I am negotiating, have not spent one penny nor are they under one penny guarantee or liability; but I have spent a good many thousand pounds already, and incurred very large liabilities in taking my chance, and surely no sane man would do that unless he knew the type of ship he was adopting and knew that that ship had been thoroughly tested already. At that time, it is true that these ships were to be introduced for the first time as passenger ships, but they had already been tested a long time as cargo boats, and I want to make it perfectly plain, from what you are reading in the Hansard, it would appear to the Committee that the Government of Canada had been at very great expense on my account. Quite the contrary. They never ran one pennyworth of risk, nor do they to-day. I am carrying the whole burden on my shoulders, until such time that I get the contract ratified. If I do not?—

By Mr. Montgomery, K.C.:

Q. Sir William, I will try to find some way of getting a shorter answer from you. If my questions are too long, correct me, but I would like you to really answer them without these instructive addresses.—A. I will if I can, Mr. Montgomery. You are getting tired now, I think? I am sorry.

Q. You have opened up another question. The complaint at that time seems to have been, Sir William, that you had put back the passenger and mail service for Canada, for six or seven years, and that they had to start all over again in 1903 to call for tenders.

Mr. SYMINGTON, K.C.: That is the complaint of the opposition.

By Mr. Montgomery, K.C.:

Q. No, the Government. That they were calling for tenders.—A. Will you say that again, Mr. Montgomery. I do not understand the question.

Q. I say that your suggestion that Canada was in no way the sufferer does not appear to be borne out by Hansard, because I think that at that time, after six or seven years, they again had to call for tenders for the service asked for in 1897?—A. Yes, and they never would have got one at all if it had not been for me; and they never got one when they called for it. It is only by slow evolution that they have got decent passenger ships to run to Canada, through the intervention of the Canadian Pacific.

Q. And apparently we were six years behind in getting them, as a result of the failure of the Petersen contract?—A. You would have been much longer; you would never have got them to-day if you had not been stirred up in those days.

Q. Was it you who stirred up the idea of this fast mail service at this time?—A. No, It was not. The idea was brought to me from Canada. There was a great cry in Canada in those days for a fast service, which had been on the tapis for many years before I started, by the Adams, who asked for an enormous big subsidy, and they would have got it with the Tupper Government had it not gone out of power by that time.

The CHAIRMAN: Mr. Montgomery, I may not be expressing the views of the Committee, but I am expressing my own views when I say I think we have spent enough time on this Petersen-Tate contract.

[Sir William Petersen.]

Mr. MONTGOMERY, K.C.: I may have to come back to it again. I have finished with it now, but I give warning that I may have to come back to it again; when I discuss these other things it comes on the scene again.

The CHAIRMAN: I am not closing the way to your coming back to it, but I hope you will proceed to another aspect of the case now.

By Mr. Montgomery, K.C.:

Q. Now your next venture into Canadian affairs was in the nature of an experiment too, was it not; that is the carriage of grain direct from the Great Lakes across the ocean?—A. No, no, you are quite wrong.

Q. I stand to be corrected.—A. It was a line from Rotterdam to carry goods to the Great Lakes through the canals.

Q. Then we will put it the reserve way. To carry goods from Rotterdam to the Great Lakes through the canals?—A. Yes.

Q. That was another previously untried venture?—A. Quite.

Q. Epoch-making, my friend suggests?—A. Yes, pioneering if you like.

Mr. DUFF: Every new invention is the same way. An experiment.

By Mr. Montgomery, K.C.:

Q. Well, taking Mr. Duff's suggestion, it was another experiment and for one reason or another, it failed.—A. It did not fail, please.

Q. Well, it was stopped.—A. Stopped.

Q. Short?—A. I will give you the reason why it stopped.

Q. In other words, it was not an economic proposition?—A. Yes, it was, and I told you so this morning.

Mr. MONTGOMERY, K.C.: I suggest that I am quite entitled to ask that, Mr. Duff, whether it was a failure. One venture of his after another has been a failure, and I say that frankly, that is the purpose of my cross-examination, and I am defending shipping companies which are threatened to be run off the St. Lawrence River because he says he can run his boats for half the price of these boats which have served Canada for 70 years and which are to be turned off the service.

The CHAIRMAN: I suggest that Counsel and members of the Committee address their remarks to the Chair.

Mr. DUFF: I have addressed mine to the Chair.

The CHAIRMAN: I think that Mr. Montgomery has the right, by cross-examination,—and I think he has conducted it very politely—to show the result of previous operations of Sir William Petersen, and I would rule that such a question was in order, and I would instruct Sir William to reply to it. I would tell Sir William that from my appreciation of the situation no offence was meant and none should be taken.

Mr. MONTGOMERY, K.C.: I wish to make the same assertion, Sir William.

The WITNESS: Thank you, Mr. Montgomery; it is all right now. I will shake hands with you.

By Mr. Montgomery, K.C.:

Q. For one reason or another, your ideas in the operation of that service were changed, and the lake boats were left in the lakes, and the trans-Atlantic boats were operated on the ocean?—A. That is right. Let me tell you that I inaugurated a lake company called the Canadian Lake Navigation Company, with boats which could not operate on the ocean, and we sold the shares for 50 cents on the dollar, and everybody got back \$1.50 for their investment, so it was not a failure.

Mr. DUFF: Did you get that answer, Mr. Montgomery?

[Sir William Petersen]

Hon. Mr. STEVENS: May I ask a question here, Mr. Chairman?

By Hon. Mr. Stevens:

Q. If I recall, this morning you stated you made a new arrangement for lake boats and ocean boats as a result of the experience you had gained in running the ships direct from Rotterdam to the head of the lakes?—A. Quite right, Mr. Stevens.

Q. And that the difficulty arose in the canals and interior waterways, by their not being suitable for ships which were most economical for ocean service?—A. Quite right. The smaller boats were not suitable for the ocean trade, and I left them on the lakes and formed a company there, and built three additional package freighters. I think I had nine or ten boats there.

Q. And as a result of that experience in running a line from Rotterdam to the head of the lakes, you found it was not an economical or satisfactory route to follow directly?—A. Not up to the head of the lakes through the canals, but I continued the line from Halifax and Montreal to Rotterdam and vice versa, confining myself to the ocean service with boats adapted for the ocean.

By Mr. Montgomery, K.C.:

Q. We come then to the establishment of the Franco-Canadian Line between Canada and London?—A. Yes, sir.

Q. You took some exception to the statement in the Reply of the Liners at page 10—

Mr. DONALD: Let Sir William have a copy of the Reply of the Liners, please.

Mr. MONTGOMERY, K.C.: (Handing pamphlet to witness) certainly. It begins at the bottom of page 9, Sir William.

The WITNESS: Thank you.

The CHAIRMAN: I will again suggest that it is almost 11 o'clock and we will all be in better shape if we adjourn now. When shall we meet again?

Mr. DUFF: 3.30 to-morrow afternoon.

The CHAIRMAN: We will sit to-morrow at 11.30.

The witness retired.

The Committee adjourned until Friday, May 29, 1925, at 11.30 a.m.

Special Committee appointed to consider the

Resolution

to Give the Government of Canada Control over
Certain Ocean Rates

Proceedings of the Committee

No. 24 —Friday, May 29, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee.

Messrs. George H. Montgomery, K.C., E. P. Flintoft, C. Russell McKenzie,
for the steamship companies.

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Sir William Petersen, K.C.B.E., Ship Owner and Manager, London, Eng.

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1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

FRIDAY, May 29, 1925.

The Committee met at 11.30 o'clock a.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 12.55 o'clock p.m. to meet again at 3.30 o'clock p.m. this day.

The Committee reassembled at 3.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnson, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—13.

Sir William Petersen, who was again in attendance, was further examined and retired.

The Committee adjourned at 5.35 o'clock p.m. to meet again at 8.30 o'clock p.m. on Monday, June 1, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

FRIDAY, May 29, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11.30 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we will come to order, Sir William will you resume the witness chair?

Sir William Petersen recalled.

The CHAIRMAN: Proceed, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Last night, Sir William, you were to look up for us the tonnage of the 29 corrugated vessels which have been constructed since 1905. Have you been able to obtain that information?

The WITNESS: Yes, I have; it is 168,500 tons, representing roughly £1,600,000 in money already spent.

By Mr. Montgomery, K.C.:

Q. I assume those are gross tons, are they not, Sir William?—A. No, dead weight.

Q. What would be the factor to convert them into gross tons? Can that readily be done?—A. No, it is not easy.

Q. Can you give us any idea of the gross tonnage?

By the Chairman:

Q. The gross registered tons?—A. The gross registered tonnage is quite a varied quantity; it depends on the type of the ship.

Mr. MONTGOMERY, K.C.: For rough purposes, Mr. Duff says we can take one-third off.

The CHAIRMAN: Is that a rough and ready, but a fair way of doing it?

The WITNESS: Yes.

Hon. Mr. STEVENS: Did you say "dead weight"?

Mr. MONTGOMERY, K.C.: Yes, sir.

Hon. Mr. STEVENS: You have the figures here in Sir William's own schedule or specification; you have dead weight 9,000 and the net weight 3,500.

Mr. MONTGOMERY, K.C.: I wanted dead weight as compared with gross.

Hon. Mr. STEVENS: Sir William said dead weight—

Mr. MONTGOMERY, K.C.: I was asking him to give the gross.

Hon. Mr. STEVENS: The gross would be five—5,000 as against nine—five-ninths of this (indicating) will give it to you.

The WITNESS: On a particular ship of that type. That is the Government schedule.

[Sir William Petersen.]

Hon. Mr. STEVENS: Yes, —

The WITNESS: Mr. Montgomery is asking me the aggregate number of tons already built of the corrugated type, and I told him 168,500 tons.

By Mr. Montgomery, K.C.:

Q. Can we take it, roughly, that the gross tonnage would be approximately 100,000 or a little over?—A. Yes, deduct one-third; that is about right.

The CHAIRMAN: That is near enough for our figures.

Hon. Mr. STEVENS: 93,000 according to this.

By Mr. Montgomery, K.C.:

Q. And have you any idea of the gross tonnage of other types of vessels constructed during the same period?—A. During the same period?

Q. Yes, from 1905 to 1925—in that 20-year period?

The CHAIRMAN: You mean the tonnage of all other vessels?

Mr. MONTGOMERY, K.C.: Yes; what I want to get at is the relatively small proportion of these corrugated ships.

Mr. SYMINGTON, K.C.: I suppose that is admitted.

Mr. SHAW: I think we are all prepared to admit that.

Mr. MONTGOMERY, K.C.: I have before me a list from Lloyd's Register, which Mr. Robb has furnished to me, and it shows the average construction each year running up to 1,800,000 tons, 1,900,000 tons, and so on.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. And according to certain figures which were given to me, the tonnage afloat at the present time, speaking now of merchant vessels, is over 61,000,000.—A. I do not think it is all afloat. A great deal of it may be tied up, but no doubt these figures are correct. May I point out that quite a number of ships of the corrugated type are now being built by old-established shipowners in England? I could give you the names of several firms ordering and building ships of that kind. It has taken many years to reach that stage.

Q. I have no objection, if you want to give that information?—A. I simply point that out, Mr. Montgomery, to show that this type of ship is no longer in its experimental stage.

By the Chairman:

Q. You might give us that briefly, Sir William?—A. I think there are nine building now, of about 9,000 tons or 8,500 tons, by Sir Walter Runciman, of the Runciman Company of Newcastle-on-Tyne; one by Sir John Latta, of the Lowther-Latta Company, a 10-tonner; Ridley Sons & Tulley, of Newcastle-on-Tyne have built one, and offered to buy one of mine, which I refused to sell. Seed & Company of Newcastle have built three, and are building more now to save their owners. I merely mention these to prove that these people must realize that the ship is no longer in the experimental stage.

By Mr. Symington, K.C.:

Q. Are these people whom you mention old and experienced ship operators?—A. Absolutely; old established firms.

By Mr. Montgomery, K.C.:

Q. You just referred to laid-up tonnage, Sir William. I have before me what purports to be the figures of the shipping laid up at the principal ports of Great Britain and Ireland?—A. Yes.

[Sir William Petersen.]

Q. And for these ports alone, the figures for January 1, 1925, are given as 332 vessels, with a total net tonnage of 488,252?—A. No doubt that is correct, but you will find none of them are corrugated ships.

Q. I am not speaking of corrugated ships, but I am taking them in connection with your suggestion that these vessels are not seaworthy?—A. Yes, a great many of them are not. They would not be able to trade under present conditions; they would lose money heavily, and many thousands of pounds would have to be spent, before these ships could put to sea.

Q. In other words, their operating losses under present-day freight conditions would be greater than their lay-up losses?—A. Absolutely.

Q. And I suppose it is equally true that as operating conditions improve, and freights improve, the better classes, at least, will come out into the trade?—A. I should imagine so.

Q. Just as soon as they reach a point where the operating losses will be less than the lay-up losses, the tendency will be to come out?—A. Yes.

Q. But it will be a tendency until such time as the surplus seaworthy tonnage is absorbed, to keep the supply rather ahead of the demand?—A. Yes.

The CHAIRMAN: The witness agrees with the economic principles laid down so clearly by the leading Counsel.

By Mr. Montgomery, K.C.:

Q. You have mentioned a certain number of boats which are at the present time under construction—and I refer to boats of the corrugated type; it has been suggested to me they are all tramps, with the exception of the boat built for Sir John Latta of the Lowther-Latta Company. Can you tell me whether or not that is correct?—A. They are all high-class cargo boats; call them tramps if you like, which means simply they are not running on lines.

Q. Now, at the adjournment last night I think we had reached the Franco-Canadian Lines, which were established in 1904?—A. Yes.

Q. And I was about to invite your attention to the reply of the Liners——A. I have seen it, Mr. Montgomery.

Q. You have seen it?—A. Yes, thank you.

Q. In respect to which you took certain exceptions?—A. That is not correct.

Q. That is what you told us yesterday, and I simply wanted to clear the matter up.

The CHAIRMAN: What page?

Mr. MONTGOMERY, K.C.: On page 37 of the typewriting you say: "It is not true to say, as stated in that white pamphlet that I got insurance from the steamers?"—A. That I got what?

Q. Got insurance from the steamers?—A. That is not correctly reported. I never mentioned the word "Insurance"; it is stated in that report that I got notice from the Secretary of the Company to stop the services of Armstrong, Whitworth.

Mr. SYMINGTON, K.C.: "That I got notice from the Secretary"—that is what he said.

The WITNESS: I think the pamphlet states that.

The CHAIRMAN: The witness is referring to the episode referred to in the white reply——

Mr. MONTGOMERY, K.C.: I do not see it readily, and we will not waste further time over it. I do not see any such suggestion in the reply.

Mr. SYMINGTON, K.C.: "I was officially informed"——

The WITNESS: I was officially informed by the Secretary, or somebody, to discontinue the line.

Mr. MONTGOMERY, K.C.: We will not waste any more time over that.

Q. The action which you spoke of against Messrs. Armstrong, Whitworth & Co., would appear to have been tried in March 1906, would it not, Sir William?—A. I do not remember the month. I thought it was later than that.

Mr. MONTGOMERY, K.C.: I do not know whether it is of any interest to have anything further on this, but I have here the report of the trial and settlement and the issues raised in the suit. It is just a short thing if you want it for information.

The CHAIRMAN: Do you really think it is of importance?

Mr. MONTGOMERY, K.C.: I do not think it is of vital importance, no.

The CHAIRMAN: Then let us proceed to another matter.

Mr. MONTGOMERY, K.C.: It gives what the issues were between them.

The CHAIRMAN: It is the report of a newspaper of what happened. Sir William has given us his idea. The newspaperman may or may not have had as accurate information as Sir William. It seems to me that we are spending time on a point that is really of no vital importance.

Mr. MONTGOMERY, K.C.: I only wish to make clear that I have what appears to be the only record available of what did occur in reference to the settlement, and the issues that were raised between the parties.

By Mr. Montgomery, K.C.:

Q. Now before starting on your relations with Sir William Mackenzie, were you not interested in a venture with a line of steamers in which I think one named the "*Lady Strathcona*" was the first?—A. That is the one I was building with Armstrong. I was building on my own account, with Armstrong Whitworth's, the *Lady Strathcona*.

The CHAIRMAN: Will you state that a little louder, if you can, Sir William.

The WITNESS: I was building a steamer with Armstrong Whitworth, which was named the *Lady Strathcona*, for my own account, but she was not ready at the time that we were running the line together.

By Mr. Montgomery, K.C.:

Q. What was the outcome of that?—A. The outcome of that was that she was thrown upon my hands, the *Lady Strathcona*. We were in litigation at that time and the liabilities were very, very serious and all left on my shoulders, and on account of that we made some agreement later on that they were to keep that boat. I would not have anything more to do with it, and they disposed of the boat. I really forget the circumstances under which they disposed of her. I think they sold her to another shipowner.

Q. Now, Sir William, I have to give you my instructions, which are: that you had this boat under contract; that you had put up a certain deposit upon her; that you could not fulfil the contract; that the boat was sold by the builders for considerably less even than the balance owing them and both sides suffered a very severe loss.—A. Very likely. I have told you so already.

Mr. DUFF: He forfeited the deposit.

The WITNESS: Yes, I forfeited the deposit.

By Mr. Montgomery, K.C.:

Q. The *Belgian King*, did she have a similar fate?—A. The *Belgian King* belonged to Swan Hunter. I ran her for Hunter's, merely managed the ship for them. I had no interest in the ship otherwise, but I ran the ship for a couple of years and, turning from a loss, I returned, I think it was, 16 per cent dividend during the two years.

[Sir William Petersen.]

Q. Now my instructions are that Swan Hunter were not paid for their boat and had considerable difficulty in getting her back.—A. That is absolutely untrue. I never bought the boat from Swan and Hunter; I never wanted to buy her. She was an old boat, but I continued to run her for their account and I returned to them a very handsome dividend. They eventually sold her to somebody else, some foreigners, and that was the history of that boat.

Q. Now in 1907, you tell us you tied up with Sir William Mackenzie and you mentioned the Uranium and Royal Steamship Lines?—A. Yes.

Q. Was the Uranium Line originally called the Northwest Transport Line? —A. The Uranium Line? Yes, previously to that.

Q. It was first the Northwest Transport Line and then the Uranium Line? —A. Yes.

Q. Was its name changed to the Royal Line?—A. No, that was subsequent. They started the Royal Line by buying two large passenger boats. They ran from Bristol and Avonmouth.

Q. You were not interested in those passenger boats?—A. Certainly. Not financially, but I was in the organization and management.

Q. Those were the boats we knew as the *Royal George* and the *Royal Edward*, were they not?—A. Yes, that is right.

Q. I understand you purchased those boats?—A. For the Canadian Northern.

Q. For Sir William Mackenzie?—A. Yes.

Q. And there was some litigation over that?—A. I had, yes. They did me out of a commission: the builders.

Q. Now you told us yesterday that those lines ran successfully. Would that be the version which would be given by the Canadian Northern interests? —A. Would you allow me, Mr. Montgomery, just to interpose and make that statement of mine a little clearer? You said I had litigation on those two boats. I sold the boats to Mackenzie, Mann & Co., these two steamers, and I was entitled to a commission of £10,000, from the Fairfield Shipbuilding Company. When the boats were sold they refused to pay the commission, and I may tell you in this connection, in the litigation Sir William Mackenzie gave very powerful evidence in my favour.

Q. You seem to always have had lots of friends, Sir William.—A. I won the case in the first instance, but I lost on appeal. I took it to the House of Lords.

Q. I was not going to follow up the details of that litigation.—A. I thought it well to give you the details. Your shipping friends might want to know those details.

Q. Well, they have not asked for it. Now coming to the question I have just asked you, you said the line ran very successfully at the first going off. Page 40. Do you intend by that that at first it was successful, and then unsuccessful, or that it was successful throughout?—A. No, it was successful throughout, when I started with emigrants. At first, when I started the boats purely with cargo, I found that the opposition of the German pool lines was too strong and so I continued to fight, with emigrants, because I knew that was the only club that would really bring them to their senses. Which it did.

Q. Now I ask you whether that would be the version that you would get from the Canadian Northern people, that the operation of those boats was successful financially?—A. I have no idea of that.

Mr. SYMINGTON, K.C.: At the beginning.

Mr. MONTGOMERY, K.C.: My friend suggests that your answer only meant at the beginning.

Mr. SYMINGTON, K.C.: At the first going off.

[Sir William Petersen.]

The WITNESS: Yes at the first going off, we spent a good deal of money in establishing the line, as we would establishing any other line.

Mr. Montgomery, K.C.

Q. You misunderstand me. My friend is drawing attention to the fact that your evidence is that the line ran successfully at the first going off?—A. I think I referred then to the emigrant end of it, when I started the emigrant end of it.

Q. We have a lot of ground to cover, but my instructions are that it was very unprofitable, that the Canadian Northern interests, or the Mackenzie and the Mann interests, lost very large sums of money in the operation of those steamers, which you were managing?—A. That is absolutely untrue, but I will tell you when they lost money probably; that is when they started as a railway company to take the line over themselves. It was managed then by a lot of people who did not understand shipping. They may have lost money then, but they did not lose money with me.

Q. You told us the lines were sold to the Canadian Government. Are you correct in that?

Mr. SYMINGTON, K.C.: The Canadian Northern Railway was sold to the government.

The WITNESS: The railway was transferred to the government later on.

Mr. SYMINGTON, K.C.: He said at page 42 that the railway was taken over by the Canadian Government.

The CHAIRMAN: That is substantially correct.

Mr. Montgomery, K.C.

Q. It is not your suggestion that these boats, freight and passenger, were taken over by the Canadian Government?—A. Yes.

Q. That is your suggestion?—A. I understand so. With the railway.

Q. My information is that the boats had resulted in such a heavy loss in operating, that they sold them for what they could get and they were purchased by the Cunard Line?—A. I know nothing about that. Whether they lost or not with them, I do not know. I know this, I put many thousands of pounds in Sir William Mackenzie's pocket when we were running the line together. What they did with the line when they took over the management by the railway company, I do not know.

Q. And you never heard that the boats were sold to the Cunard Company then?—A. No. The *Royal George* I think was running during the war; and one was sunk by the enemy.

Q. Now in connection with the operation of those boats, you said that it was very difficult—page 40—on the Continent, to get any emigrants to Canada, to realize that there was any other country besides the United States, and that therefore you diverted very few emigrants via Halifax, and proceeded to New York with your steamers?—A. Yes.

Q. Have you checked the immigration figures, to Canada from the Continent, during the period which you are speaking of?—A. No, I have not.

Q. I would like to draw your attention to what purports to be the official figures that I have before me; the immigration for the year ending March 31st, 1908, which checks with the opening of your line, was exceptionally heavy. You have not verified that? And that the immigration from the Continent in 1909, to 1914, when I think the boats were disposed of, increased very rapidly.—A. Yes, the first boat to Canada I only diverted six emigrants; showing you the uphill work I started with. Later on I carried them by the thousand.

Q. So the line was virtually running, not to Canada, but between Rotterdam and New York?—A. Between Rotterdam and New York, calling at Halifax.

[Sir William Petersen.]

Q. What I wish to suggest to you, Sir William, is that it is hardly fair to Canada to say we were not drawing large numbers of immigrants from the Continent at that time.—A. Well, it is true, because a good deal of propaganda had to be done in order to get people diverted to Canada.

Q. My only point is that you were running your line to New York and that if you were running your line to New York it was not because the immigrants were not coming to Canada.—A. No, that is true. Later on I proved that to be the case, but you see I had to run to New York to carry a certain number of emigrants who did not want to go to Canada, and I had no subsidy in those days, and I had to do the best I could.

Q. We are coming to more modern times, towards the end of my friend's travels with you yesterday, Sir William, I think you referred to boats you had operated for the United Fruit Company, the Standard Oil Company, and voyaging from Vancouver to Japan with other boats. Those were what were known as tramp schooners were they not?—A. No, they were passenger boats run for the United States Fruit Company. They were 15 knot steamers and carried passengers, and bananas, from Kingston, Jamaica, to Boston.

Q. Were they on time charter?—A. No, they were my own boats and I ran them for the Boston Fruit Company.

Q. Now you told us yesterday that you were, or I think you mentioned the present company as being the London and American Maritime Trading Company?—A. Yes.

Q. That company is merely a holding company, I understand?—A. Yes.

Q. And it controls the shares of the Thompson Steam Shipping Company?—A. Yes.

Q. The Thompson Steam Shipping Company has, according to my instructions, four boats?—A. Four boats, yes.

Q. They are these Rio boats?—A. The Rio boats, yes.

Q. Of the Monitor or corrugated type?—A. Yes, that is right.

Q. I understand the last one was only put into commission in 1924?—A. Last year, in September, yes.

Q. The others I think were in 1922, were they not?—A. In 1921, 1922 and 1923.

Q. And you told us that even though not superheated, they were quite as efficient as the Rio Dorado, the results of which we have heard at length.—A. Yes.

Q. I have before me what purports to be the report of the Annual Meeting of the London and American Maritime Trading Company, Ltd., held on the 31st December, 1923. You no doubt will recall that?—A. Yes. No, last year you mean?

Q. The 31st December, 1923. I have also the one for 1924. I will take the 1923 meeting first with your permission. Will you tell me whether you recognize this to be a correct excerpt from the minutes:—

"The Chairman said: Gentlemen, it is now my duty to propose the adoption of the report and accounts. I wish that I could add that it was also my pleasure to do so, but the Chairman of a company who is also a large shareholder in that company, has little pleasure in proposing the adoption of a report which bestows no dividend on the shareholders. I can only say that nobody regrets that this should be the case more than I do, but last year I used these words: 'People are thinking that a change is coming. I hope and believe it may come soon, but we have to remember that a great portion of the trading year has already gone, and therefore I should be wrong if I held out any hope to you that the year to come will produce any very great results or any return of the prosperity we had a few years ago.' I am sorry to say that every word I said then has proved to be correct. The fact is that it is quite impossible to make profits in a shipping company if you cannot employ your ships to profit. If you compare the results of other cargo

[Sir William Petersen.]

boat companies, which do not depend for their results on investment, I think you will find that without exception, they have suffered a loss, and I think that it is only owing to the fact that we have exceptionally good ships that although we have not run our ships at a profit sufficient to declare a dividend, we have run them without a loss, and indeed at a small profit." That is correct, is it not?—A. Yes, quite correct, and a far better report than a great many other shipping companies could produce.

Q. That is the point you bring out?—A. Yes. We have never lost a single penny, in my experience, in my companies.

Q. I beg your pardon, I did not quite catch that.—A. I say we have never had a single loss; we have always made a profit.

Q. In order to get a true appreciation of the freight situation, you were then operating these very low-cost-operating boats?—A. Yes.

Q. And your company—

Hon. Mr. STEVENS: What does Sir William say?

The CHAIRMAN: We would like to hear it.

By Mr. Symington, K.C.:

Q. In 1923 how many had you?—A. One.

By Mr. Montgomery, K.C.:

Q. A moment ago you told us that the Rio A came out in 1921?—A. At the end of 1921.

Q. And the Rio B in 1922?—A. In 1922. In 1923 there were two ships running; in 1922 we had only one running, the other was building. In 1922 I think there were two boats running.

Q. Well now, are you sure of that, Sir William, because I see in your annual report of the 18th of December, 1922, you speak of—I want to get it correctly—three highly efficient and economical steamers. I suppose those would be the A. B. and C., would they not?—A. The Azula, the Blanco and Claro.

By the Chairman:

Q. Let me understand this, Sir William. When you made this report to your shareholders on the 31st of December, 1923, how many ships had you been operating during the year before?—A. Two; only two ships were included in that statement, at the end of 1923.

By Mr. Duff:

Q. Were they operating the whole year?—A. No, only partly. We got delivery of one about the middle of the year.

By Mr. Montgomery, K.C.:

Q. In 1923?—A. No. We got delivery of that ship at the beginning of that year; there were only two ships, one of which did not operate the whole year through.

The CHAIRMAN: Ask him when each ship was put in commission, Mr. Montgomery.

The WITNESS: If I might be allowed to bring my book up here, I can give you chapter and verse for it. I left it at my hotel but I will send for it, and will give you the exact data.

The CHAIRMAN: Suspend that in the meantime, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Let me see if I can help you. Your memory is that the two first were put in commission in October, 1922?—A. Very likely.

Q. In October, 1922?—A. I would not like to contradict it, Mr. Montgomery; you seem to know all about it. I will give you the exact figures, if you will allow me to send for my book.

Q. Certainly, but in the meantime you can take it that that is correct. The year which is under review in the report which I have just read stands out in contrast with the years since 1914, during which time your company even with its corrugated boats had made very large profits?—A. I am sorry I missed that, Mr. Montgomery.

Q. The year under review, that is, the year reported upon at your meeting of December 31st, 1923, when you spoke of the unprofitable nature of the business at that time, stands out in contrast with the years 1914 to 1920, during which time you had made very considerable profits?—A. Yes. We paid a 20 per cent dividend I think for nine years running.

Q. The last dividend was in 1920, was it not?—A. 1921. In 1920 we paid a dividend of 15 per cent, then 10 per cent, then it was reduced when the slump came.

Q. The slump came, and you declared no dividend at all, at least for that year which I have under review, that is, the year reported upon on December 31, 1923?—A. We could have done so, but we put the money to Reserve.

Q. I suppose, without going over it again, the report recites correctly what the freight conditions were at that time?—A. No doubt.

Q. And what your operations were?—A. Yes.

Q. And it was in that condition of the freight market that, as you reported, every other cargo company, that is, cargo boat companies, without exception had been suffering losses?—A. Yes.

Q. And it was in that condition of the freight market that you were approached by Mr. Preston with a suggestion to subsidize a line to cut the freights in half?—A. That was last year, not the year you were speaking of; late last year.

Q. You told us yesterday that it was in June of last year?—A. That is right.

Q. The statement I have been reading is your statement for the year immediately preceding that period?—A. Yes.

By the Chairman:

Q. Sir William, when did your fiscal year end that you were talking about when you made that report on the 31st of December, 1923?—A. The fiscal year ends on the 31st of July, and our meeting was held in December.

By Mr. Montgomery, K.C.:

Q. So that we may clear it up if there is any doubt about it, did you declare any dividend for the succeeding year?—A. No.

Q. Did you report any better condition in freights?—A. No.

Mr. SHAW: That is, the fiscal year up to July, 1924.

The CHAIRMAN: They declared no dividend for the fiscal year ending July 31st, 1923, and no dividend for the fiscal year ending July 31, 1924.

The WITNESS: I might qualify that by saying that we could have declared a small dividend, but we preferred not to do so, and put the money to reserve.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, you reported for the 31st of December, 1924, which was as of the 31st of July, that the freight market was still in an unprofitable condition?—A. That is right.

Q. And again repeated that the other cargo companies were all making losses?—A. Yes, that is right; but that does not apply to the Canadian trade, Mr. Montgomery.

Q. I don't think your remarks were restricted to any particular trade, were they?—A. Yes.

Q. In your statements?—A. No, not in my statements.

Q. You were speaking in your statements of world conditions, were you not?—A. Generally, from a cargo-carrying point of view.

By Mr. Kennedy:

Q. Would there be an exception to that statement in regard to the Canadian trade?—A. Yes, if I had been at that time engaged in this business. Of course there are certain trades in which a certain class of shipowners make money running lines, but in that report I am simply referring to a class of steamer which has been called the tramp steamer, where we have to depend upon the open market entirely.

By the Chairman:

Q. But if the Canadian trade was good in 1923 and 1924 and your steamers were tramp steamers, why couldn't you have come into the Canadian trade with them?—A. Impossible. The Conference lines would not allow me.

By Mr. Montgomery, K.C.:

Q. Yesterday you told us that the Conference lines were world wide?—A. Certainly.

Q. Couldn't you find a route where you were not in opposition to the Conference lines?—A. Yes.

By the Chairman:

Q. In 1923 and 1924 the port of Montreal was visited by a considerable number of tramps?—A. Certainly; I agree with that.

Mr. SYMINGTON, K.C.: I think he said he was discussing tramp steamers there, not liners.

The WITNESS: That is the point.

Hon. Mr. STEVENS: He has given to us the results of a grain cargo in one of these very ships, the other day, in which he indicates that he made a profit of 1,900 pounds.

The WITNESS: That is right, Mr. Stevens.

By Hon. Mr. Stevens:

Q. And came light?—A. From Hull.

Q. In ballast from Hull?—A. Yes.

Q. If that is correct, why couldn't you have gone into the grain business or any other cargo business from Montreal or Vancouver during the years 1923 and 1924?—A. Because you cannot always charter a ship in England into the Canadian trade except where you have Conference lines running from.

Q. Frankly I cannot follow you at all, Sir William, when you say in connection with the tramp steamer business that you were under the control of the Conference lines; I really cannot think you are serious in that. For instance, take that year, from Vancouver there were scores of ships there in 1923 and 1924?—A. Yes.

Q. Not controlled by any Conference lines?—A. The conditions were quite different during 1923 and 1924. The trade from Vancouver was very much influenced by the disaster in Japan; there were large shipments of goods from Vancouver to Japan, which gave the tramp steamers an opening for employment. Again, trade from Vancouver is quite different to trade from the St. Lawrence.

Q. Take Montreal?—A. I would like to confine myself to Montreal, because the conditions in the St. Lawrence trade are absolutely unique as compared with any other trade. It is so controlled and concentrated that no man in his senses would attempt to send a ship here not chartered.

Q. I am afraid I have not got the figures, so I will have to speak from memory. Montreal figures show that 68 per cent of the grain shipped—I am quoting from memory only—

Mr. MONTGOMERY, K.C.: 61 per cent, Mr. Stevens.

By Hon. Mr. Stevens:

Q. 61 per cent and more of the grain was shipped out of Montreal by non-Conference line steamers?—A. Yes.

Q. You have such an immensity of cargo that surely you were competent to go into that trade the same as they were?—A. No, certainly not; how could I?

Q. Why couldn't you?—A. It took me all my time to get the Rio Dorado sent out here. I particularly wanted a ship in Montreal, to give people a chance to look at her, to give them a chance of looking at this corrugated ship. It took me all my time to get a charter secured in England via New York. I left instructions when I left home under no conditions to send a ship out without having her chartered; the freight is held in so few hands, that the freights are controlled.

By Mr. Kennedy:

Q. The real difficulty is, you could not get cargo through the brokers?—A. That is the difficulty.

Q. And had the shipowners in the Conference lines some control over the brokers?—A. Yes.

Q. And for that reason a tramp cannot get cargo at Montreal?—A. Unless it is cargo left of the cheaper kinds, which the liners will not take, or cannot take.

By Hon. Mr. Stevens:

Q. Do you seriously state, Sir William, that these freighters which carry 60 per cent and odd out of Montreal secured that cargo as a sort of an act of grace from the liners?—A. I would not call it grace, Mr. Stevens, but in sending out any odd tramp steamers, I do not think you would find any tramp steamers sent in here on the off chance of getting a cargo.

Q. That is a different question altogether; I quite agree with you that the agent of the tramp steamer must necessarily look out for a cargo for the ship before he brings her to that point. But that is not the question. You assert that you dare not enter the St. Lawrence because the Conference lines would, by a system of boycott, prevent you getting cargo?—A. That is true.

Q. Would you state to the Committee that those tramp steamers last year handled some 60 per cent of the grain out of Montreal and did so upon the sufferance of the liners?—A. Yes, certainly. I maintain that with truth; that is my opinion. I express that as my opinion.

Q. Upon what is that opinion based? Because frankly I cannot believe it. While I am not at all questioning your veracity; I cannot believe that your opinion is soundly based at all. If you can give us any good grounds for it, it will be an important point for us to consider?—A. I have been in the trade for some years, and know the conditions well, and to attempt to send any of my ships here—I know where I would be, at all events.

By Mr. Montgomery, K.C.:

Q. We have it in the evidence that tramp sailings from Montreal for the year 1924 were no less than 446?—A. Yes.

[Sir William Petersen.]

Q. Your suggestion is that those 446 sailings were made by an act of grace on the part of the liners?—A. Yes, to a great extent, Mr. Montgomery, and I will tell you also that a great many of those tramp steamers lost money very heavily by coming into the St. Lawrence.

Q. Let me give you a few more figures, Sir William.

By Mr. Kennedy:

Q. Is it the general tendency for the liners to drive the tramps out of the regular business?—A. Will you allow me to give a concrete example?

The CHAIRMAN: Certainly.

The WITNESS: I will tell you of one.

The CHAIRMAN: Answer the general question first, Sir William, and give your illustration afterwards.

The WITNESS: While you are pressing me upon this question, I think I must tell you openly and squarely the situation, and I will give you one concrete example. A certain line of steamers, which has very fine steamers, about 26 or 27 of them, attempted last year to open trade with Canada, and sent their boats in here. They got cargoes to Italy, where they were trading from. It is the Lloyd-Italiana I am now speaking of, a powerful company; they attempted to get freight back again from Italy and France, picking up freight westbound for Canada, the shippers offering even lower rates than were going. The shippers were telegraphed or cabled from Montreal to give the preference to a Conference line. That Conference line picked up goods here, discharged them in Montreal, and took a full cargo back, not to Italy but to England, preventing this other line from continuing. This other line lost about 30,000 pounds last year here by attempting to open trade with Italy. Now, that was a great discrimination against Canada, and it will give you an instance of the situation when anyone attempts to run cargo steamers outside the Conference to this country.

By Mr. Montgomery, K.C.:

Q. Sir William, you are giving us a lot of stuff which we cannot control at all—

Mr. KENNEDY (Glengarry): Just one question, Mr. Chairman, if you please.

By Mr. Kennedy (Glengarry):

Q. In this report from which Mr. Stevens quoted last night, at page 85, Section 186, page 557, there is a comparison between liners and tramps?—A. Yes.

Q. I would like to read a few lines to see if you agree with me?—A. Yes.

Q. (Reading): "We have already pointed out in the first part of this report the large and important part played in our maritime economy by the tramp steamers, which, before the war, comprised about sixty per cent of the total British tonnage, and was indispensable as a means of moving from the various parts of the world the seasonal crops of grain, cattle, wool, rice and similar commodities which it was impossible for the liners on the different routes to deal with. There were, however, tendencies in the years immediately preceding the war, and have continued since its commencement, toward, first, the gradual conversion in some cases of the tramp into a regular liner; the successful competition of an established line where tramp vessels have succeeded in opening up a more or less regular trade; the absorption of tramp vessels by regular liners"—A. Yes.

Q. Do you agree with those three conclusions?—A. Yes, quite.

Q. That is the general tendency in the trade?—A. Well, owners of tramp steamers can afford to drop a considerable amount of money to open trades

[Sir William Petersen.]

running on lines, and they very often succeed, but it is a very hazardous business and it cannot be attempted all the time—that is, for a line to attempt to establish a line independent of the Conference lines. If you, in the shipping business, own a tramp and wish to open up a new trade, you size up the geographical position, and then you, as a business man, ask yourself this question: “Is it worth while to drop a few thousand pounds to establish this line?” If you want to make an omelet, you have to break eggs, and I have done it myself in other parts of the world, but on the St. Lawrence there exists a rather unique position—

Q. In a further comparison of the tramp and liner business, I would like to read another sentence or two and ask you for your opinion on them. This is from Section 188 of this report, page 588?—A. May I ask what that report is?

Q. It is the report from which Mr. Stevens quoted last night on “Shipping and Shipbuilding.”

Hon Mr. STEVENS: Of 1918.

By Mr. Kennedy (Glengary):

Q. (Reading): “No doubt the presence of the tramp-owner acted as a wholesome check on the Conference system, but there are indications that when the lines were in position to enter into direct competition with tramps, the former tended to win.” Do you think that is true?—A. No. That the liners intended to win?

Q. Yes?—A. Yes, of course; I misunderstood you.

Q. (Reading): “In shipping, as in other industries, the modern tendency is in the direction of large organizations.” Is that true?—A. Yes; sometimes when a tramp attempts to break into a trade, to open up a regular line, if it is thought they will succeed, they very often are absorbed by the liners,—amalgamated.

Q. And further: “We see in the first part of this report that the absorption of tramp tonnage by the companies owning regular lines was a most unfortunate feature of the present shipping situation”?—A. I quite agree.

Q. You agree with that?—A. Yes.

Q. (Reading): “In our opinion this absorption is fraught with special danger to the supremacy of British shipping after the war, and only such action as we have recommended can prevent it from being disastrous”?—A. I do not know, of course, the action which they have suggested.

Hon. Mr. STEVENS: The Imperial Shipping Committee. That is what they recommended, and it later was established.

The WITNESS: Of course, I am glad to hear they have such great faith in the Imperial Shipping Committee. I have no such great faith in them.

The CHAIRMAN: I do not know whether Mr. Kennedy expressed faith or want of faith in the report; he was merely asking Sir William if he agreed with the opinions.

The WITNESS: I do agree with the opinions.

By Mr. Halbert:

Q. Do I understand that brokers are employed to secure the tonnage for the shipping lines?—A. You mean the Conference lines?

Q. For the Conference lines?—A. Yes, I think so, but they have their own brokers to procure freight for them.

Q. Then, supposing in a trade you, or some person else, put on a boat to Montreal, for instance, that was not in a Conference line; those brokers would not be inclined to let you have the freight?—A. They would all work against me.

[Sir William Petersen.]

Q. Is that what we are to gather from what you say?—A. They would all work against me.

Q. Supposing they gave you the tonnage, instead of to the Conference line; what would happen to the broker?—A. I think the broker would get fired.

Q. Is it the same way in the cattle industry—with the cattle space? Are there brokers who buy up all the cattle space and re-let it to smaller jobbers?—A. That I am not conversant with. I cannot offer you an opinion on that. In this connection, I may tell you, I should be bound on these ships to carry cattle.

Q. The reason I asked you that question, Sir William, is that there is strong opinion in the province of Ontario that practically four men control all the cattle space for shipping, and anyone outside of those four desiring to ship cattle has to go to them.

Mr. KENNEDY (GLENHARRY): Who are they?

Mr. HALBERT: Schomberg and Brown are two. The shippers have to be at the will of these men in regard to shipping the cattle. If that is true, we want to know it, because it is a serious thing for the men of this province.

By Mr. Halbert:

Q. You cannot give us an opinion on that, Sir William?—A. Not at present.

By Mr. Montgomery, K.C.:

Q. Now shall we go back to something we do know something about, Sir William? In the first place is it your suggestion that the lines employ brokers or pay any brokers at all on eastbound cargo?—A. I did not quite catch that.

Q. Is it your suggestion, or do you assent to the suggestion made by a member of the Committee, that the eastbound freight is controlled by brokers?—A. No, certainly not.

Q. Or that the Canadian lines pay any brokerage on eastbound freight?—A. Yes, I take it so, as far as I understand.

Q. My instructions are quite the contrary. Except cattle.

Mr. SYMINGTON, K.C.: It is only a matter of terms.

Mr. MONTGOMERY, K.C.: Then we come back to the situation in Montreal; and the grain.

By Hon. Mr. Stevens:

Q. There is not any crime in a steamship having a broker or agent to get cargo for them?—A. Not all all.

Q. It is an ordinary situation?—A. Certainly.

Mr. DUFF: They would be foolish to employ brokers if they have their own organization.

The WITNESS: I mean where brokers are engaged.

By Mr. Montgomery, K.C.:

Q. Now what do you think happened to the unfortunate brokers who procured cargo for these 441 sailings out of Montreal last year?—A. I have no idea.

Hon. Mr. STEVENS: Probably all in the cemetery.

The WITNESS: I have no idea. Let me clear this first, Mr. Montgomery, as to the brokers. I did not refer to brokers entirely engaged by the Conference, but if a broker or an agent was engaged entirely by the Conference, I would have thought he would have been under their authority, and I think he is under the Conference, and he would not like to go past a Conference ship and send cargo by any other line without permission.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. They were not referring to the general ship brokers?—A. No.

By Mr. Duff:

Q. Your idea, Sir William, is that the brokers first offer the Conference steamers the business. And if they cannot take it, then they go and look for a tramp.—A. That is it, that is the position.

Mr. MONTGOMERY, K.C.: That is your idea, Mr. Duff.

Mr. DUFF: That is right. I am just trying to teach you something, Mr. Montgomery.

The CHAIRMAN: I think we have discussed the question of brokers enough; let us go on to another point.

Mr. MONTGOMERY, K.C.: I have some figures on this. I would like to put before you one or two figures we have in evidence, for the years 1923 and 1924: that in 1923 the tramps carried 48,877,723—bushels I suppose that is—against the liners 64,791,401; or 43 per cent against 57 per cent. Those figures are in evidence already.

Mr. SYMINGTON, K.C.: Are they? I would like them in. We were to get, if I remember rightly, the 1923 figures. The only ones quoted in my recollection are for 1924. The question was asked whether that ratio applied to previous years.

Hon. Mr. STEVENS: I know, I did not give figures quoted from this at all. I got mine from the Montreal Harbour Board.

Mr. SYMINGTON, K.C.: 1924, though Mr. Stevens.

Hon. Mr. STEVENS: 1923 and 1924. There is a slight difference and it is accounted for by the holdover in the elevator.

Mr. SYMINGTON, K.C.: The point was, the liners carried more than the tramps, which I understand was the condition every year prior to 1924.

Mr. MONTGOMERY, K.C.: It was in every year. In 1921 the tramps carried more than the liners. In 1922 the tramps carried more than the liners. In fact 1923 is the only exception. If my learned friend wants the figures for 1921, 1922, 1923 and 1924, he can have them.

The CHAIRMAN: May I request that you read out those figures and we will put them in the record. I think it will be valuable to have them. You are giving us the difference of what? Grain carried by liners and tramps?

Mr. MONTGOMERY, K.C.: Do you want them in totals, percentages, or both?

Hon. Mr. STEVENS: Gross bushels and per cents.

Mr. MONTGOMERY, K.C.: They are as follows:—

	%	1921	%	1922
Liners	48	61,028,908	49	72,951,297
Tramps	52	66,063,050	51	75,929,006
Totals		127,091,958		148,880,403
	%	1923	%	1924
Liners	57	64,791,401	39	59,316,652
Tramps	43	48,877,723	61	92,777,327
Totals		113,669,124		152,093,979

The CHAIRMAN: Taking all the years together it is about a fifty-fifty basis is it not?

[Sir William Petersen.]

Mr. MONTGOMERY, K.C.: Oh no, there is one exception, in 1923.

The CHAIRMAN: There was one year in which the liners carried very much more than the tramps.

Mr. MONTGOMERY, K.C.: That was in 1923, Mr. Chairman.

The CHAIRMAN: And all the other years the tramps carried more than the liners.

Mr. MONTGOMERY, K.C.: Yes.

Sir EUGENE Fiset: Is not that accounted for by the fact that in 1921 all the vessels that were still under the shipping control were in England and were only released in 1920. Therefore, the cargo and passenger liners were not available.

Mr. FLINTOFF: There is a reference to it on page 16 of the Reply.

The CHAIRMAN: These are bushels of grain of all sorts?

Mr. MONTGOMERY, K.C.: Yes.

Mr. DUFF: Now that you have given us that valuable information, Mr. Montgomery, which is the cargo on which the cheaper rates were paid, I wonder if you could give us the percentages of the better class of cargo?

Mr. MONTGOMERY, K.C.: I have not that information, Mr. Duff, but I think all the evidence is to the effect that the tramps do not get the higher class freights; that is the perishable cargo and things of that kind; that is largely a liner business.

Mr. DUFF: In other words, the reason the tramps carried so much grain was that the Conference lines were carrying a better paid cargo.

Mr. MONTGOMERY, K.C.: No, I understand the tramps come in and take a bulk cargo of grain, and are intended for that purpose; they are not running a liner business, for a general cargo, which involves sheds and regular schedules.

Mr. DUFF: But the liners take the better cargo don't they, and that is the reason the tramps get the larger percentage of low paying cargo.

Mr. SHAW: Mr. Chairman, it might be interesting to know that the average percentage is $48\frac{3}{4}$ per cent for the liners and $51\frac{3}{4}$ for the tramps.

The CHAIRMAN: Nearly on a fifty-fifty basis, as I said.

Mr. MONTGOMERY, K.C.: Now let me give one other piece of information, the promise of 11 pence per quarter higher than the liners.

Mr. SYMINGTON, K.C.: We asked for the figures for the other years. Are they available?

The WITNESS: That is quite natural. Of course the liners could not possibly take all the grain and they want somebody to carry it and they arrange accordingly for the tramp.

By Mr. Montgomery, K.C.:

Q. Now in addition to the unprofitable freight market to which your report refers, I think, Sir William, you have had occasion to refer in your Annual Report to the very large increase in your operating cost?—A. Yes, perhaps.

Q. I am reading at the moment from your 1920 report, the first one I see where reference is made to the cost of working, in these terms:—

“It was my duty to call attention last year to the greatly increased cost of working, and I am sorry to say that for the period covered by the accounts there has been a very considerable increase in every detail.”

The CHAIRMAN: You are reading from what?

[Sir William Petersen.]

Mr. SYMINGTON, K.C.: The 1920 report.

The WITNESS: Are you referring to the report of my Chairman telling you that the running expenses were increased by 300 per cent?

The CHAIRMAN: Just what are you reading from? I would like that made clear.

Mr. MONTGOMERY, K.C.: The annual report of the London and American Trading Company.

The WITNESS: In 1920?

Mr. MONTGOMERY, K.C.: Yes, Sir William. (Reading):—

"Taking it all together from the beginning, the running charges for insurance, wages, stores and provisions, have increased by 300 per cent; port charges by 200 per cent; repairs by 375 to 400 per cent; and bunker coals by practically 500 per cent. In addition to prices having increased in this remarkable way you will not perhaps be surprised from what you know of our affairs, to learn that both the value of the goods received and standard or service rendered have been lamentably short of what we have been accustomed to in pre-war days. I ventured last year in telling you this to predict"—

Then it goes on to something else.

Q. I would ask you whether or not that report at the time it was made, correctly set forth the situation?—A. In 1920, yes, I had a lot of old boats in those days, not corrugated ships and not up-to-date steamers, I was fortunate enough to get rid of them in 1920.

Q. I don't think your reference is to your boats, but to the conditions as to increases in the costs, to which every shipping man was subject?—A. I agree with that. The expenses were enormously increased, I did not realize to that extent.

By Mr. Duff:

Q. But is it not true that the year Mr. Montgomery quotes from was really a war year?—A. That is correct.

Q. At that time, there were great increases in the cost of freights as well as other things?—A. Yes.

Q. In 1920, in the shipping industry as well as other industries?—A. It applied to the steamers.

Mr. MONTGOMERY, K.C.: I thought it important to draw attention to this, by reason of the fact that a statement was put in in which percentages were worked out as between 1919 and 1923.

The CHAIRMAN: Sir William was himself the Chairman of this company at that time?

The WITNESS: No, Lord Wemyss was the Chairman.

By the Chairman:

Q. What position did you occupy with the company when that report which Mr. Montgomery has mentioned was made?—A. I was the Managing Director.

By Mr. Montgomery, K.C.:

Q. You were then and still are?—A. I still am.

Q. Lord Weymss is the financial President of your company?—A. That is right.

Q. But you are the working Manager?—A. Yes.

[Sir William Petersen.]

The CHAIRMAN: Mr. Montgomery, it has been suggested that we adjourn. At what hour shall we meet.

Mr. SHAW: Is this the gentleman who is an Admiral?

The WITNESS: No, he is a cousin of the Admiral.

The CHAIRMAN: We will adjourn until half past three o'clock this afternoon.

The witness retired.

The Committee adjourned.

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, I will ask the Committee to come to order. Sir William, will you please assume again the witness chair?

Sir WILLIAM PETERSEN recalled.

The CHAIRMAN: Proceed, Mr. Montgomery.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, I think this morning we had finished with the freight situation as it existed in the summer of 1924, and I think you told us that you met Mr. Preston some time in the latter part of June?—A. That is right.

Q. And that he put up to you his proposition for his subsidizing of the line, the control of rates and the reduction of rates?—A. That is right; he wrote to me first and made an appointment, and called upon me afterwards.

Q. Was there anything in his letter other than the making of the appointment?—A. He said he would like to discuss important matters in connection with ocean rates.

Q. We are anxious to get all the documents in this case, where we have anything in writing, and I do not want to bother with this if it was merely the making of an appointment?—A. It was merely the making of an appointment, and referring to the business generally.

Q. And when he came to you he put up his proposition?—A. He did.

Q. Did he give you his "frank statement" of the Canadian case?—A. Yes, he did.

Q. How is that?—A. He laid all his cards on the table.

Q. What do you mean by that? Did he discuss the thing verbally with you?—A. Yes.

Q. —or present any documents to you?—A. No; it was all discussed verbally; nothing put in writing. He discussed the proposition he brought before me, and asked me if I could formulate some sort of scheme which might suit the Government to control rates.

Q. Did you comply with his request?—A. Not the first time; I took some time to consider it.

Q. And you finally formulated a proposition?—A. Well, I suggested something prior to my meeting Mr. Low—you know, it was not until the end of July that I met Mr. Low.

Q. Now, had you not reached the point of discussing any of the principles with Mr. Preston?—A. Yes; in the course of two or three weeks, up to the time I met Mr. Low, I had discussed matters with him in a general way.

Q. You had not prepared any memorandum of any kind?—A. It was quite late in the day—I had prepared some sort of memorandum, which was handed to Mr. Low by him.

[Sir William Petersen.]

Q. Am I to understand that your memorandum was only prepared about the time you saw Mr. Low?—A. It was handed to him the very day—

Q. That you prepared it?—A. No; it was handed to him the very day I saw Mr. Low. I had prepared it a day or two before, ready to hand to him.

Q. The reason I ask you these questions, Sir William, is that Mr. Preston has told us that he took the matter up with you, as you state, some time in the latter part of June?—A. Yes.

Q. And we have of record a cable which he sent to the Minister on the 30th of June, followed by a letter dated the 4th of July, which would seem to indicate that up to that time you were discussing things rather in detail?—A. Rather in what?

The CHAIRMAN: In detail.

The WITNESS: Yes, we did. I think, after the second meeting, we did discuss things in detail.

By Mr. Montgomery, K.C.:

Q. Were the propositions formulated by you or by him?—A. Well, after some discussion I suggested the adoption of a certain method of meeting the conditions. It was formulated, really, by me; I am the guilty person.

Q. I do not know whether you have seen this correspondence, or whether you would like to have a copy before you—A. You mean the correspondence between Mr. Low and Mr. Preston?

Q. Yes?—A. I have not seen it.

Q. For instance, in his letter of the 4th of July, 1924, he speaks of the proposition as follows:—

“(1) Fare for immigrants not to exceed £6.” Was that a proposal of yours?—A. It may have been discussed, but I do not know that we discussed rates for immigrants—however, it may have been.

Q. I want to know how far Mr. Preston was authorized by you to submit that proposal to the Minister?—A. He had my authority to discuss anything I had proposed to him. I wanted him to lay it before the Minister, but as to discussing an exact rate at that time, really I do not remember.

Q. Now, “The carrying rate for cattle shall not exceed \$15 per head”?—A. Yes.

Q. You concurred in that?—A. Yes, and I still do.

Q. “(3) Upon general cargoes, such fares as may be agreed upon, but probably not to exceed one-half the rate now charged by the Conference”?—A. Well, I do not think I can remember of any rate being actually mentioned about freight; that was a matter that was left open for the Minister to decide.

Q. Then, is it your suggestion that was speculation on the part of Mr. Preston only, and did not incorporate any ideas which he had discussed with you?—A. No, I would not say that. Of course, we discussed so many things that I really cannot bind myself at the present time to any small detail.

Q. Would you call the carriage of all general cargo, exclusive of the few commodities referred to a “small detail”?—A. Yes, I did at that stage.

Q. Now, Sir William, you were thoroughly familiar with the conditions of the shipping industry at that time, and were you not rather amazed at the suggestion that the revenue of the shipping companies generally should be cut in half?—A. I do not think that was the intention of the Government.

Q. Then either yourself or Mr. Preston was guilty of that suggestion?—A. No.

Q. Shall we exculpate you, and hang the burden on the shoulders of poor Mr. Preston?—A. No; it was evidently a question I had considered very carefully before any idea of a subsidy was brought up. I could not discuss that until I saw Mr. Low.

Q. Sir William, with your knowledge of the conditions in the shipping industry at that time, you surely would have been amazed if any suggestion of that sort were put forward?—A. No, I do not think I would. I think I could do that now—cut the rates in two, and make a very handsome return.

Q. Bearing in mind what had been suggested just a few months ago to your shareholders as to the general state of the shipping industry, and the fact that it was doubtful if a single one had escaped a loss on their undertakings?—A. To my shareholders—

Q. Yes; leaving aside your own position as to what you could do with this highly efficient set of boats of yours.—what, under those circumstances, did you expect was going to happen to the rest of the shipping companies, or did you not concern yourself about that?—A. I did not concern myself about that. I wish to state at the outset that I would like to concentrate myself purely upon the Canadian trade.

Q. Well now, apparently, in addition to discussing rates and subsidies, you would also—

The CHAIRMAN: Excuse me, Mr. Montgomery, but a question suggests itself to me that I want to ask Sir William.

By the Chairman:

Q. Sir William, in your address to your shareholders, of the 31st of December, 1924, you had given them to understand that, although your company had broken even or had done a little better, in the last fiscal year of your company, it was impossible for you to give your shareholders a dividend. Am I right in thus rehearsing your evidence?—A. Quite.

Q. Now, sir, that being so, how would it be possible, or rather will you explain to me how it would be possible to cut rates in half?—A. That could only be possible if I transferred my ships to the St. Lawrence trade, and operated under the protection of a subsidy. I could not do that in the open market.

Q. Was it your feeling then that, without a subsidy, you would lose money?—A. Certainly. I could not attempt to come near the St. Lawrence, apart from any question of not being fixed. There are very few tramp steamers fixed in Montreal; they are all fixed by New York, and in addition to that, the tramp steamers have such enormous delays, because they have to give place to the liners, that part of the profit is absorbed in the delay. The whole situation here seems to be absorbed by the liners, at the cost of the tramp.

Q. Can you state what is the cause of the delay in the St. Lawrence?—A. The delay is caused, for one reason, in that when the liner has no sheds or pier accommodation, the tramp steamer, lying along side, has to get out of the way, and allow the liner to load, and they have to go out in the stream very often and await the loading of the liner, before they can get back in to the berth again, which is an enormous loss of time to the tramp.

By Hon. Mr. Stevens:

Q. The same thing applies to other sections?—A. Not to the same extent. Mr. Stevens, because the Conference Lines in Canada have such enormous power that the tramp steamer is absolutely at their mercy.

By Mr. Kennedy, (Edmonton):

Q. Do the liners have nearly all the berths in the harbour of Montreal taken up in that way?—A. Yes, the tramp steamer has no regular quay space, except such as may be arranged by an agent, to whom you consign the ship, but that agent is in the hands of the liners again, to get the ship alongside the quay, but the overhead elevators, which may be used for the tramp steamer to load grain, can be used. When you get out of the way, you have to stop the loading of the grain and the delay is consequently incurred.

[Sir William Petersen.]

By Hon. Mr. Stevens:

Q. Still they loaded over 400 tramp steamers last year?—A. What are we going to do with the grain for overseas that could not be carried by the liners? You find no tramps merely with general cargo, or very few. That is all controlled by the liners. The tramps seem to get what is left by them.

By Mr. Kennedy, (Edmonton):

Q. Did I understand you to say that most of the grain loaded on to the tramps at Montreal is chartered in New York?—A. Yes, New York. There is not a single one in Canada today that could get a charter for any of my steamers for a grain cargo. I have to do it through New York, and a large amount of the grain I have in my ships is American grain. The chartering is all in the hands of the New York brokers.

Q. Would that be true generally, of the grain that went out in 1924, in tramp steamers?—A. Yes.

Q. Chartered in New York, not Montreal?—A. Yes.

By Hon. Mr. Stevens:

Q. Do you suggest that the reason why the charter market is centered in New York is because the conference lines in Montreal exercise some sinister influence over the chartering in Montreal?—A. No, I do not altogether say that.

Q. Is it not altogether a matter in the course of the shipping business?—A. But no broker could exist in Montreal, without the consent of the Conference Lines. They would not dare to charter any tramp without their consent.

Q. Exactly the same thing applies to San Francisco and again to Vancouver. San Francisco is the charter market for the Pacific and New York for the Atlantic. The fact that the chartering is done in New York and San Francisco respectively, is not due to the influence of the conference liners?—A. I do not know about San Francisco.

Q. But in Montreal you claim it is due to the influence of the Conference Liners?—A. Yes.

Q. Is not New York equally under the influence of the Conference Liners, the same as Montreal? That is the argument we have had here.—A. As far as the part of the conference—the rule of the conference line, is concerned, there are outside brokers in New York, chartering outside ships, such as those who charter mine, through brokerage in New York. My point is that no broker could attempt to charter ships outside of the influence of the Conference Lines.

By the Chairman:

Q. Why?

Sir HENRY DRAYTON: There is not enough business as against New York on this market.

By the Chairman:

Q. Why could not a broker start up business in Montreal, and make a living, getting cargo for tramp ships?—A. He would starve to death.

Q. Why would he starve to death?—A. Because the conference lines would not allow him to make a living.

Q. In what way would they prevent him from making a living?—A. They would not tolerate him at all, unless he submitted to their rules and regulations, and was part and parcel of the conference lines.

Q. Forgive me for insisting on it, but I want to get it cleared up in my mind. In what way would their lack of toleration be expressed? To give a concrete instance: John Jones is a smart young man, and he wants to be a shipper's broker, and he opens up an office on St. Francois Xavier Street. What would prevent him making money, if he knew his business?—A. John

[Sir William Petersen.]

Jones, coming in as a stranger to Montreal, would have to pick up his connections. He would not pick up many Welshmen or Scotchmen; he would have to pick out his connections before he could find the freights. If a shipowner from England cabled home: "I have a ship coming out. Can you fix up the freight for it at a given date; I will take full grain," he could not do it?

Q. Why could he not go to James Richardson & Sons and ask them if they did not want to send a ship load of grain to the old country? I am simply asking for information.—A. I do not know who James Richardson is, but I have never known of any instance where a man could give a cargo to outside shippers, without being chartered in New York.

By Hon. Mr. Stevens:

Q. You do not mean that, surely?—A. Yes. I am only giving you my experience, Mr. Stevens. I cannot do any more.

Q. As to this question about charters, is this not a fact: I might not be using the correct terms, but I think you understand what I am driving at. New York, being a large port, with a lot of cargo vessels coming in, and giving a better opportunity of getting freight, in and out, establishes an ascendancy over Montreal, as to the market for chartering ships? Is that right or is it not?—A. Yes.

Q. That is correct?—A. That is correct, to a certain extent, yes.

Q. It is correct, is it not?—A. You are speaking in the general sense. You are not referring to the conference at all?

Q. I am referring to New York, as a chartering market, as against Montreal, that the success or the advantage to New York over Montreal, is, that it is a larger market for freight handling?—A. Yes. Of course, there are so many shippers there that he could go to a shipper and ask him what shipments he has and provide tonnage. You cannot do that in Montreal.

Q. The fact that there is a larger amount of freight coming to New York, providing inward cargoes, affords better charters for outward cargoes?—A. That seems common sense, but if he is discharged in New York and cannot get freights from there, they very often would like to divert them to the St. Lawrence.

Q. My next question is this: As a result of that, New York has built up a large business in chartering them?—A. That is true.

Q. Now then, your broker in New York will have a larger number of prospective cargo vessels on his list than a broker in Montreal would have?—A. Not necessarily, because you can follow every ship so easily. It does not matter what part of the world they are in. Lloyds will tell you the movement of every ship, where they are bound to and when they are due there.

Q. You know that the broker in New York is more likely to give him cargo than the broker in Montreal?—A. It all depends on his acquaintance with conditions in Montreal.

Q. I am speaking in relation to a cargo market?—A. I suppose that is generally true.

Q. The broker in Montreal, who desires to charter a ship, would have a better opportunity of getting such a ship through New York than by waiting or looking for it in different parts of the world. There is a market established there?—A. I do not know of any broker in Montreal, who is an independent chartering broker. I do not know of any. John Jones, I have not found yet.

Q. There were 469 tramp steamers which sailed from Montreal alone last year, and there must be brokers to do that business.—A. Do not forget this, that a large proportion of that grain is American grain, coming by Montreal.

Q. As a matter of fact, that broker in Montreal goes to the New York market, to get that vessel?—A. If he is in existence. I do not know whether he is born yet.

[Sir William Petersen.]

Q. That is not a fair answer.—A. I am trying to give a fair answer, but it is difficult sometimes to answer questions.

My Mr. Montgomery, K.C.:

Q. You were speaking of the liners having priority over the tramp for loading or discharging?—A. Yes.

Q. Are you familiar with the port of Montreal?—A. Fairly well. I used to be very well acquainted with it, but not for the last few years, until my quite recent experience.

Q. Then I wish to ask you whether you—A. I am not speaking of myself now. I am speaking also of the experience of other shipowners.

Q. I would ask you whether your statement applies to anything except the sheds, which the liners occupy for their general cargo purposes, and for which they pay a heavy rental?—A. That is possible.

Q. And I would ask you further whether or not the piers, both above and below Windmill Point, as well as at Hochelaga grain elevator, where the tramp is free to enter—there is no question of any priority of lines?—A. I daresay.

Q. Are you aware that the liner has to have sheds, which the tramp steamer does not have to provide?—A. That is so. Yes, I agree.

Q. Have you inquired into the heavy increases that have been made in these shed rentals?—A. No, I have not.

Q. The figures which I have before me would indicate that they have risen from 1908 to 1924—from 5.83 cents to 12 cents, or an increase of 106 per cent.

Mr. SYMINGTON, K.C.: Is that when they owned their own sheds?

Mr. MONTGOMERY, K.C.: I cannot tell you, Mr. Symington.

The CHAIRMAN: So many cents for what, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Oh, I beg pardon; that is, per foot.

By Mr. Montgomery, K.C.:

Q. You are aware, are you not, Sir William, that there is considerable anthracite coal brought from the United Kingdom to Montreal?—A. No.

Q. You are not acquainted with that?—A. No.

Q. I was going to suggest to you that the charters for those boats are practically all made in Montreal, but possibly you know nothing about that.—A. No, I have heard about it, but I cannot speak positively.

Q. Then let us go on to your meeting with the Minister. I think you told us that you met him towards the latter part of July?—A. Yes, about the 27th or 28th or 29th of July.

Q. Are you speaking just from recollection? Because, for your assistance, I will tell you that Mr. Preston's account seemed to indicate that he arrived about the 18th or 19th of July at Southampton for the purpose of meeting you. I am taking his expense account for those dates?—A. Mr. Preston did? Well, I was not introduced, I think, until the very end of July.

Q. You then prepared a memorandum for him?—A. Yes.

Q. Have you that memorandum?—A. I have not got it with me. But I sent in my correspondence, one to Mr. Low, and no doubt he has it on record.

By the Chairman:

Q. You have not got it yourself, sir?—A. No, I have copies of it in England but not here.

By Mr. Montgomery, K.C.:

Q. You have no copy of the memorandum you sent to the Minister?—A. No, not the one I supplied to the Minister.

Q. When I was speaking of the letter of July 4, I should have drawn your attention to a memorandum which accompanied it, marked "Private and Con-

[Sir William Petersen.]

fidèntial," which says: "X, is prepared to negotiate with the Government for a steamship service between Canada and Great Britain." No doubt you were "X" at that time?—A. Yes, I was "X" at that time.

Q. That memorandum sets out nine points dealing with freight rates and control?—A. That is right.

Q. And that is the memorandum which accompanies the letter of July 4. I mention that lest you should think I was referring to the one sent to the Minister?—A. Yes, very likely Mr. Preston had a copy of it at the time.

Q. You will see that this accompanied Mr. Preston's letter of July 4, and you told us your memorandum was only prepared a day or two before you met the Minister. I do not want to mislead you?—A. No, quite, I understand; but you know, Mr. Montgomery, it is very difficult for me at this present moment to remember the very date I made this memorandum and handed it. I know Mr. Preston and I had discussed it, and I made out the memorandum ready for Mr. Low's arrival, to be handed to him; whether I handed it to Mr. Preston at that date, or whether I told him to keep it until the arrival of Mr. Low, I really cannot tell you.

Q. I am not directly interested in the date. I was merely trying to find out whether that was the memorandum, or whether it was the expression of Mr. Preston's hopes of what he could do with you.—A. No, the memorandum made out referring to "X", the unknown quantity at that time, was made out by me and it was only made out in one form and has assumed no other shape than you will find to-day.

Q. That was the memorandum you will remember which concluded: "X" is under contract and is now building a fleet of ten of the highest class ships." You will perhaps recognize it by that?—A. Yes, that is right.

Q. Mr. Donald suggests that I might show you the copy.—A. These are points out of my memorandum, but it is not the actual memorandum I made out for the Minister; these are the points, the essentials, taken out from the memorandum.

Q. Apparently you had other matters under discussion at that time. You may look at my copy of the correspondence, and I will use Mr. Flintoft's.—A. This I do not know anything about, Mr. Montgomery; the correspondence.

Q. I will ask you questions about it, Sir William, if you will look at the letter of July 4, that is the page I want to ask about. I suggest to you that you apparently had other matters under discussion at that time, apart from the fixing of ocean rates, since Mr. Preston goes on to say: "I am inclined to think it will be possible to look upon a programme which will avoid the occasion of the Government asking Parliament again to provide for deficits in the operation of the Canadian Government Merchant Marine." Can you tell us what that referred to?—A. Well, the Merchant Marine was certainly discussed, and I had my eye on the Merchant Marine at the time, but I did not write that letter, Mr. Montgomery.

Q. No, I know that, Sir William; I was merely asking you whether you could help us at all in elucidating it. As far as you can say, it refers to a possible sale to you of the Canadian Government Merchant Marine.—A. Well I will tell you candidly now that Mr. Preston looked upon a proposition of that kind, as ludicrous and advised me very strongly not to touch it.

Q. He was not an agent then for the Canadian Government?—A. Well, he was a very honest one, perhaps.

Q. Did you consider he was advising you or the Government?—A. No, he was not advising me, on behalf of the Government; that was not his mission to England to sell the Merchant Marine. No doubt that emanated from myself.

Q. But he apparently was in favour of a sale of the Merchant Marine? He has told us what he thought of it.—A. Well, probably, I don't know.

Q. And you were a prospective purchaser?—A. Not at an early stage.

Q. But you had your eye upon it as you have told us.—A. Well, a great many other people had their eye on it.

Q. And he strongly advised you not to buy it.—A. He was not in great favour of the Merchant Marine, to advise any friend to go into it.

Q. Then what do you think he meant when he wrote to the Minister and said:

“I am inclined to think it will be possible to look upon a programme which will avoid the occasion of the Government asking Parliament again to provide for deficits in the operation of the Canadian Government Merchant Marine.”

A. Well, I really could not tell you what was in Mr. Preston's mind at that time, except that it arose out of discussions that we had in connection with the Merchant Marine. As I tell you, I had in my mind to buy some of the ships.

Q. Let us pass on then to the next paragraph and see if you can be of greater assistance with it.—A. May I explain a little further? Because I think it is necessary.

The CHAIRMAN: By a sort of telepathy I communicated to Mr. Montgomery that I thought we had spent enough time on the Merchant Marine, because after all it is not just the matter we have under discussion. Therefore I think I would ask you to pass that.

Hon. Mr. SINCLAIR: Sir William is entitled to make an explanation if he thinks it is necessary.

Hon. Mr. STEVENS: Surely.

The CHAIRMAN: If it is necessary, yes.

The WITNESS: I will tell you, I am interested in a very important wharf on the Thames, and it was in my mind to open trade with Russia and make an emporium on my wharf on the Thames, for small ships running to the Baltic, to open trade with the Soviet Government; and the smaller ships, which are lying idle today, in the Merchant Marine, 12 or 14 of them, I had in my mind's eye to purchase in order to utilize them in connection with that contemplated line to Russia. That is the bottom of the whole thing to begin with. Subsequently it developed into a bigger thing, in the course of conversation.

By Mr. Montgomery, K.C.:

Q. Mr. Preston was not referring to the smaller vessels. It was not the sale to you of the small unused vessels, that he is referring to; he is speaking of deficits in the operation presumably of the boats which were in service.—A. Yes, that may be possible.

Q. Now apparently Mr. Preston proposed to hand over something more to you or you had your eye on it. If you will look at the next paragraph in the letter you will see he suggests that it is also possible that the West India-Canadian service might be linked up with this proposed anti-Conference.—A. Yes, I see that.

Q. Are you able to offer any suggestion as to what was contemplated in reference to the West India-Canadian service?—A. No, I do not remember. It may have been referred to quite casually but I do not think there was any special point made of that at the time.

Q. Then the letter concludes with the suggestion that the Minister should come overseas, and he did come?—A. That is right.

Q. And you have told us that you have no copy of the memorandum which you prepared and delivered to the Minister?—A. I have a copy but it is in England.

Q. I should have said that. I understood that.

By Sir Henry Drayton:

Q. Just at that point, Sir William. Did that memorandum stipulate the subsidy? That first memorandum?—A. Yes.

Q. How much?—A. No amount was mentioned. A subsidy to be agreed upon I think. I forget the terms of that memorandum exactly, but I know the size of the subsidy was a matter I could not discuss with Mr. Preston.

Q. In your memorandum to the Minister, did you give him an amount?—A. No, I did not discuss subsidy at all. As a matter of fact, Mr. Low did not want to discuss anything with me until he had seen his colleagues.

Q. You say there was not anything in the memorandum?—A. Not as far as I remember. It could not be at that time.

By Mr. Montgomery, K.C.:

Q. Anyway the Minister will have the memorandum which you delivered to him?—A. Yes, he must have.

Q. And apparently, following the chain of events, the Minister returned, I think some time in the latter part of August, did he not, or the middle of August?—A. I think so, yes, as far as I remember.

Q. And that was followed by a summons to Mr. Preston to come home, on September 5th?—A. I really do not remember that.

Q. I would not have expected you to remember, Sir William, were it not for his reply of September 19, in which he says:—

“Not sailing pending your probable telegraphic instructions regarding strictly confidential question. Certain persons ——”
I think Mr. Preston said you were the person referred to.

“Certain persons anxious not to introduce other channels communicating with you at present.”

A.—Yes

Q. You may perhaps recall that your suggestion to Mr. Preston was that it was preferable that he should not return to Canada, but would remain as a medium of communication?—A. At my suggestion?

Q. Yes.—A. That is possible, but I do not remember that arrangement.

Q. All right, let us pass on to something else. Do you recollect receiving a message of the 29th of September from Mr. Preston, reading as follows:—

“We are ready to discuss matter with Jones if he will come to Canada. Proposal looked upon with favour. Advise when Jones will sail.”

A. Jones was myself.

Q. Jones was yourself?—A. That is so. Was this from London to Ottawa?

Q. From Renfrew to London, to the Dominion, London, for Preston?—A. For Mr. Preston in London?

Q. Surely.—A. I know nothing of course, about that.

Q. I would assume the message was communicated to you, inasmuch as it was a summons to Canada?—A. Yes, I suppose it would have been, but that was not the time I got the summons to come to Canada.

Q. What was the time then?—A. The time was at the end of October.

Q. I want to keep you straight on dates, Sir William, and I will give you all the assistance I can.—A. You said December. I think you said December.

Q. No, September?—A. I beg your pardon, yes.

Q. I am sorry if I did not speak loud enough?—A. That is impossible. I misunderstood you, and I am sorry.

Q. The reply went back on the 3rd of October, which Mr. Preston read:—

“I am sailing tenth. Other persons week later. In conference with parties on a possible definite basis of rate on freight.”

So that you were in conference with Mr. Preston at that time, upon a definite freight rate basis?—A. Was that in September?

Q. October 3rd?—A. Well, it is possible we may have discussed that; I really do not remember now.

Q. Unless he imagined it, or was saying something contrary to the facts, he was in communication with you on a definite rate basis?—A. Well, there was very little discussion took place between Mr. Preston and myself, after seeing Mr. Low.

Q. Is it your suggestion then that Mr. Preston is saying something contrary to the facts?—A. By no means; I do not insinuate anything, except that it likely went from one ear into the other.

Q. Can we agree upon this, that Mr. Preston's cable, sent out when the matter, an all important one, was very much alive, would be more accurate than your recollection at this date?—A. Very likely. I would not like to doubt it, if he sent the cable.

The CHAIRMAN: Mr. Montgomery, I would like to know just what the object of this examination is.

Mr. MONTGOMERY, K.C.: The object, frankly, Mr. Chairman, is this; It is suggested that Mr. Preston took a rather more prominent part in the formation of these negotiations than we have been led to suppose, that he was not held right down to the freight rates with which we were going to have to compete.

The CHAIRMAN: Suppose for the sake of argument that that is so; is it worth our while spending our time upon that aspect of it?

Mr. MONTGOMERY, K.C.: It makes us shudder to think of the possibilities of it, Mr. Chairman.

The CHAIRMAN: All right, go on.

By Mr. Montgomery, K.C.:

Q. In any event, we will pass on. You came out, Sir William, and the contract was negotiated?—A. Yes.

Hon. Mr. SINCLAIR: I would like to ask for some explanation in regard to a remark made by Mr. Montgomery. You did not mean to let us think, Mr. Montgomery, that you would approve of the contract if it was negotiated through some other channel?

Mr. MONTGOMERY, K.C.: No, simply that it was too much Preston; that is my suggestion.

Hon. Mr. SINCLAIR: You did not mean it as a criticism of the contract?

Mr. MONTGOMERY, K.C.: The contract will come later, Mr. Sinclair.

Hon. Mr. SINCLAIR: All right, I get your point.

By Mr. Montgomery, K.C.:

Q. You came out in October, Sir William, and returned when? I assume shortly after the 11th of December?—A. I came out in October.

Q. And you had your negotiations, or continued them, and returned I assume shortly after the 11th of December, the date given in the contract, as I note you were back in London for your annual meeting?—A. That is right. I arrived in London on the 23rd of December.

Q. I hope you spent a Merry Christmas.—A. I was just in time for Christmas.

Q. Your annual meeting followed shortly afterwards?—A. Yes.

Q. I want to ask you a question or two about it, so I prefer to hand you a copy of what purports to be a report of it, and I may ask to have it filed.—A. Is this a copy of the report of my company?

Q. I think so; it corresponds with the printing I have in front of me.

Mr. SYMINGTON, K.C.: It is a newspaper report.

[Sir William Petersen.]

By Mr. Montgomery, K. C.:

Q. I am reading, Sir William, from what I take to be the official report which appears of all these meetings?—A. Yes. Thank you very much for this typewritten copy.

The CHAIRMAN: What is the name of the paper, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: The name of it is *Fair Play*, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. I understand that the meeting was held, as usual, on New Year's eve, the 31st of December?—A. Yes.

Q. The Chairman said—A. That is Lord Weymss?

Q. Yes. You follow with some personal remarks. I don't know that I need read it.

The CHAIRMAN: It is quicker, Mr. Montgomery, to read it, and then ask him whether it is true or not.

Mr. MONTGOMERY, K.C.: Very well, Mr. Chairman, I will read the report of the meeting, as follows:—

“*Fair Play*” 8/1/25.

LONDON-AMERICAN MARITIME TRADING COMPANY, LIMITED

SIR WM. PETERSEN

ANNUAL MEETING

The annual general meeting of the shareholders of the London-American Maritime Trading Company, Limited was held on Wednesday last week at the offices of the Company, 6, Lloyd's Avenue, London, E.C.

The Earl of Weymss (the chairman) presided.

The secretary (Mr. M. Huntley) having read the notice convening the meeting and the report of the auditors.

The chairman said: Gentlemen,—it is now my pleasure to move the adoption of the report and accounts, I should like to say, on behalf of Sir Charles Inigo Thomas, that he is exceedingly sorry that he is unable to be present; he has been abroad for the sake of his health. When I had the pleasure of addressing you last year I did not holdout any extravagant hopes of the results that were likely to be achieved in the trading of the year under review, and I am sorry to say that the state of trade generally has not been such as to agreeably disappoint my expectations. As you are aware, although we call ourselves the London-American Maritime Trading Company, we are not, strictly speaking, at the present moment, a trading company at all: we are a holding company in the Thompson Steam Shipping Company, in which we hold nearly all the shares, both ordinary and preference, and therefore we depend entirely for our prosperity on the success of that Company. The Thompson Company, as you will see from the accounts, have traded this last year at a profit of 10,000 pounds, and I think I may safely say that very few, if any, shipping companies have been able to show a profit either on this or last year's working.

SHIPPING PROSPECTS

The Thompson Company is at the present moment in possession of four new steamers, which are as good as any steamers of their class, and the newest one, which is the best of the lot, is doing extraordinary well. We have just had a cablegram to say that one of the comparatively older vessels, the *Rio Claro*, has passed *Dakar*, on the coast of

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Africa, steaming $10\frac{3}{4}$ knots on 22 tons of coal per day. Those who understand these things will agree that that is a very remarkable result, and if one of the less good ships is doing this, then I think the result we may expect from the new ones must be something extraordinary. But, of course, however good our ships are, if they cannot get fair freight rates they cannot trade at a profit. I do not think it can be said yet that the trade in shipping has definitely turned the corner, but I think we may hope that it will be so. I do not wish at all to talk politics or to express any political views, but we have a Government now which I think inspires confidence, and confidence begets enterprise, and enterprise produces trade. I think, therefore, we may hope that things will improve all round if only the European situation is clear.

DIVIDEND RECORD

There is very little to be said about our accounts. If you look at the general expenses you will find that they amount to only 263 pounds, which I think you will agree is about as small as you could expect the general expenses of a company like this to be. Of course, there is nothing either for directors' fees or management expenses included, and I would only say that, if we are disappointed with the results of the last three years, we ought always to remember that we have been in existence for ten years, and that during thattime we have paid 114 per cent in dividends on the ordinary shares, besides paying off all our debentures. Therefore, although we have had three bad years, the fact remains that we have paid an average dividend of 11 per cent to our ordinary shareholders since we started, and I do not think that is a bad record. But, after all, as Chairman of your Company and as a considerable shareholder, I should like to be able to do a great deal more than merely say, which, I think, we truly may say, that we are spending as little and making as much as we possibly can. I should be a little depressed myself if it were not for one thing. Sir William Petersen has been away from this country for some time and he has returned recently looking in such good health, and in such good spirits, that even although his expedition was a business one, I hope there were pleasant incidents. I cannot help thinking that in the course of that business he may have found room for doing things which I am not in a position to talk about. I have a sort of lurking suspicion that in the course of the New Year—which I hope will be a very happy one for all of you—something may turn up which will enable us to look forward to this year and the years to come with more hope than the present balance sheet or the general trading prospects of the shipping business would justify. I have great pleasure moving the adoption of the report and accounts, and will ask Sir William Petersen to second the motion.

STATEMENT BY SIR WILLIAM PETERSEN

Sir WILLIAM PETERSEN, K.B.E.: Lord Weymss and gentlemen:—It is rather a difficult matter for me to speak on this occasion. On former occasions I have always been asked to prophesy what might happen during the next twelve months. I have not been a great prophet, I daresay, but I do not think I have been a great optimist. I do not think I have led anybody to believe that you might expect something very great for the future. I will only say now that our company is in such a position that I think we might sit quite happy after previous results. Our financial position has always been fairly strong. We have no debentures or mortgages, and no debts to speak of, and although dividends may not roll out to the same extent as they did when the sun was

[Sir William Petersen.]

shining in previous years, yet we are sitting simply hoping, as other people do, that things may improve, as I think they inevitably will, in shipping and other departments of trade. On this occasion it is not necessary for me absolutely to prophesy, but I think I am in a position to speak from some facts, and although I am not in a position to disclose all the facts, I think I might hold out some hopes for the coming year. This is my New Year's greeting to you. I feel quite sure that when we meet next year we shall be able to look back upon a year of very much greater success than that of the one just passed. The business that I have been about has been a little out of the beaten track. You have to go in search of business nowadays; it does not come to you very often. I have been on a business trip which I think may have resulted in some amount of success, and may bring a considerable measure of success to this company. I am not in a position to disclose what the business is, except that it will materialize within the next few months, and I hope that in the early spring we will be able to see our ships sailing under very much more prosperous condition than at present prevail—conditions such as most shipping companies are subjected to, dependent, as they are, on the existing low freights. I think I may say that we may be in a very much better position and independent of the general freight market. I have gone so far that I am afraid I cannot go any farther, except to say that that is not exactly a prophecy, but almost an accomplished fact.

VALUE OF THE SHARES

I merely wish to tell the existing shareholders not to do as some of our shareholders have done in the past—throw their shares away at a discount in a panicky sort of way, because there is no necessity for it. You may take it from me that our assets today and our position today are such that the value of our shares is at least par. I suppose I am the biggest shareholder in this company, and I shall try to get as many more as I can. If anyone wishes to sell I will be quite open to make a reasonable bargain at any time. Perhaps you will think that I am a bit of an optimist. Lots of people call me an optimist, and, thank God, I am. Lots of people say that optimists are steering a straight course for the poor house. Perhaps you will find in the poor house a certain number of optimists, but I am certain you will find a far greater number of pessimists than optimists in a lunatic asylum. (Laughter). At all events, I am giving you this little New Year's message to encourage the shareholders to hold their shares tight in the meantime, and not sacrifice anything, because you have a valuable property which is certainly worth par value. I would like to supplement the greetings of Lord Weymss by wishing you all a very happy and prosperous New Year—more prosperous than the one just passed—and I hope we will meet next year in a happier mood than perhaps some of you have done today. I have very much pleasure in seconding the resolution proposed by the Chairman.

The CHAIRMAN: Sir William Petersen has not told us anything very definite—I did not expect he would—but at the same time my experience of Sir William leads me to believe that his optimism is safer to bank upon than many people's promises.

The resolution was then put to the meeting, and carried unanimously.

The auditors (Messrs. Fincham, Partridge & Company) were re-appointed, and a hearty vote of thanks to the Earl of Weymss and Sir William Petersen concluded the proceedings.

That is the Report of your Annual Meeting?—A. That is right.

[Sir William Petersen.]

By Mr. Duff:

Q. Of what date?—A. The 31st of December, 1924.

By Mr. Montgomery, K.C.:

Q. That was the New Year's message?—A. That was the New Year's message.

Q. Now obviously, that reference there is to the subsidy which is to make you independent of the general freight markets?—A. What was the question?

The CHAIRMAN: The question was put in a sort of affirmative form.

Mr. MONTGOMERY, K.C.: Perhaps it was.

By Mr. Montgomery, K.C.:

Q. I said obviously, your New Year's message referred to the subsidy.—

A. The contract entered into, yes. It was still kept very secret in England, and here too, at the time, I think.

Q. Which was going to render your company independent of the general freight market. Can you tell us how that subsidy was figured out, Sir William?

A. How the subsidy was figured out?

Q. Yes.—A. The subsidy arranged with the Government?

Q. Yes.

The CHAIRMAN: I suppose you mean how they happened to decide upon that figure?

By Mr. Montgomery, K.C.:

Q. Why was it £275,000 instead of £175,000 or £375,000?—A. I think I have a statement here showing how the subsidy was made up. It was made up, of course, to cover the interest under second debentures, and to pay interest for ten years, redemption provided for, and also interest on the ordinary shares making up the cost of the ships, and the working capital. But I think, to save a lot of explanation, I have it here made up. Yes, here it is.

The CHAIRMAN: Shall I read it out?

The WITNESS: If you will, Mr. Chairman.

Mr. MONTGOMERY, K.C.: I would be glad if you would.

The CHAIRMAN: "Particulars of subsidy."

By Mr. Montgomery, K.C.:

Q. You have no copy of that, Sir William?—A. I will let you have that.

The CHAIRMAN: I will read it slowly so you can take notes. This memorandum is headed, "Particulars of subsidy." It goes on, "Cost of ships, £1,500,000. Expenses of organization and working capital, £300,000, making £1,800,000. Financing and yearly charge." "Financing" is the head of one column and "yearly charge" the head of the other column. "First debentures, £750,000 at six per cent."

Mr. MONTGOMERY, K.C.: Is this under "Financing"?

The CHAIRMAN: Under "Financing." "First Debentures £750,000 at six per cent. Yearly charge £45,000. Redemption at four per cent, £30,000."

Sir HENRY DRAYTON: Is that yearly?

The CHAIRMAN: Yes, these are all yearly charges.

Sir HENRY DRAYTON: The debentures are not.

The CHAIRMAN: Yes, the £45,000. The capital is not. Then "Redemption at four per cent"—I presume that is redemption on the cost price of the ships, is it?

The WITNESS: Yes, a sinking fund.

The CHAIRMAN: The four per cent would be calculated on the cost price of the ship?

Mr. SYMINGTON, K.C.: Four per cent of the £750,000 of debentures.

The CHAIRMAN: The redemption to take care of the debenture?

Mr. SYMINGTON, K.C.: Yes, a sinking fund.

The CHAIRMAN: "At four per cent, £30,000, a yearly charge. Second debentures, £400,000 at seven per cent, yearly charge £28,000. Redemption on second debentures at four per cent, £16,000. Preferred shares, £650,000 at eight per cent, £52,000. Depreciation at four per cent on £1,500,000, cost of ships, £60,000. Upkeep, repairs, and contingencies, £44,000".

Hon. Mr. STEVENS: Per annum?

The CHAIRMAN: These are all yearly charges.

Hon. Mr. STEVENS: Upkeep, repairs and what else?

The CHAIRMAN: "Upkeep, repairs and contingencies, £44,000, or £4,400 per ship per annum." These yearly charges, when totalled up, come to £275,000.

By Sir Henry Drayton:

Q. Sir William, just at this point, how long were the first debentures to run?—A. Ten years.

Q. And how long for the second?—A. The same period.

Q. Both sets of debentures are for a ten year period?—A. Yes.

By Sir Eugene Fiset:

Q. The same thing with preferred and common, all ten years?—A. Yes sir.

By the Chairman:

Q. Will the common shares be ten year shares?—A. No, shares for ever.

By Mr. Montgomery, K.C.:

Q. I do not know whether you told us the period of these bonds.—A. Ten years.

Q. Your expectation, then, was that the bonds would have been entirely retired out of the subsidy, or £1,150,000?—A. Well, I think it is only fair that I should make an explanation here, because I think the committee ought to know. In the first stage of the negotiations with the government here, my scheme was quite a different one to what you see now on the question of subsidy. I asked the government to become partners with me and take all the common shares, £500,000, and I would find the rest of the capital, and they could take all the profits, which of course the ordinary shares would control. These negotiations went on for some time; various changes were made, but the government would not become partners or become proprietors of any shares; that was being objected to, and the result was this scheme of getting an assurance of my capital, in connection with running the line without a partnership. When the question of full control was discussed with the government, it meant that they would have in their power to control rates to the very last penny. That is to say, that they might cut into my running expenses and incur a loss, but at all events I had to protect the capital with a substantial subsidy from the government. That was how that was brought about, by pure evolution, the subsidy on that basis.

Q. So that all your annual fixed charges were to be taken care of, interest on your debentures, which represented the greater part of the purchase price of the boats.—A. Half of it.

Q. In that way you were getting back your debenture?—A. Fifty per cent of the cost of the ships.

Q. I understand the cost of your ships was £1,500,000?—A. Yes, and £750,000 is half the cost, is it not?

Q. And also, I think you were putting out £750,000 of first debentures and £450,000 of second debentures?—A. No, £400,000 second debentures.

Q. £400,000 of second debentures, making £1,150,000 of debentures against a £1,500,000 cost?—A. Yes. The £400,000 of second debentures I took myself.

Q. And the entire amount would be refunded to you in the ten years by the— A. Assured to me, yes.

Q. And in addition to that, the annual interest charges would also be provided?—A. On the preference shares, yes.

Q. And that full depreciation on the total purchase price of \$1,500,000—
—A. That is a very common thing in England in shipping; according to revenue account, we always, as a rule, debit four per cent depreciation, which works up the cost of the ship in 20 years.

Q. So you were getting the cost of your ship back, first, through the retirement of your debentures to the extent of £1,150,000—

Mr. SYMINGTON, K.C.: No, the retirement is only four per cent. How could he retire then in ten years at four per cent?

Mr. MONTGOMERY, K.C.: He just said that.

The CHAIRMAN: He said that, but of course that is not possible.

The WITNESS: I meant to say 20 years, if I did not.

By the Chairman:

Q. Are your debentures 10 or 20 year debentures?—A. 20 years.

By Mr. Montgomery, K.C.:

Q. And you are getting half the cost back in 10 years under the title of "Sinking Fund on Debentures"?—A. Yes.

Q. And the other half back under the title of "Depreciation"?—A. Yes.

Q. Consequently you were getting the entire cost of your ships back in ten years?—A. No, not in ten years.

Q. If the sinking fund would have provided for the retirement of debentures in 20 years, and the depreciation would have provided for the working off of the entire cost of the boats in 20 years, my suggestion was that you would be getting the whole thing back, in 20 years, from the two sources combined?—A. Yes.

Q. Is that right?—A. Yes.

By the Chairman:

Q. Is that right?—A. Yes, sir.

By Mr. Montgomery, K.C.:

Q. In addition to that, you would be receiving the interest of eight per cent on preferred shares. Were you taking that yourself?—A. Yes.

Sir EUGENE Fiset: Six per cent.

Mr. MONTGOMERY, K.C.: No, eight per cent.

The WITNESS: Eight per cent.

By the Chairman:

Q. On your first or second debentures?—A. Eight per cent on the preferred shares.

By Mr. Montgomery, K.C.:

Q. And you would, over and above that, have the entire cost of upkeep, repairs and contingencies taken care of out of the subsidy, to the extent of £44,000 per annum?—A. Provided I made sufficient profit to pay for the running expenses and port charges of the ship.

Q. We are coming to that; I wanted to see what was left over?—A. I beg your pardon.

Q. The only thing left to take care of out of your freight would be the actual running expenses, would it not?—A. And port charges.

Q. And port charges?—A. Yes, and they are quite a large item.

Q. Do you recall from your evidence of yesterday, Sir William, what you gave us as the running expenses of the *Rio Dorado*, for instance?—A. Please repeat that question?

Q. Can you recall what you gave us yesterday as the running expenses of the *Rio Dorado*?—A. Yes; £30 per day.

By Mr. Symington, K.C.:

Q. That is without coal?—A. That includes insurance, wages, provisions, deck stores, and a few extras.

By Mr. Montgomery, K.C.:

Q. If there is anything you wish to add to that, I would be glad to have you do so?—A. £30 per day.

Q. Is there anything else you wish to add to that, included in your running expenses?—A. You have got the coal in addition to that.

Q. I would be glad to have that; I want your entire running expenses. Give us the figures you gave us yesterday?—A. Say 25 tons a day on the voyage, multiplied by 24 would give you 600.

Q. By the way, how many days were you counting upon being consumed on this round voyage?—A. It all depends on the delay in port.

Q. What is the average?—A. On the average, I should think I would make that voyage in 18 steaming days—nine each way; and 10 days in port on each side.

Q. Making a total of 38 days?—A. Yes; I called it 40 days.

Q. And 40 nights?—A. Yes.

Q. You are more accustomed to this than I am. We have £30 per day for running expenses, and 18 steaming days, which you said would make how much per day?—A. You are figuring a little too closely. I should say 20.

Sir EUGENE Fiset: He said £600 for the whole voyage.

The WITNESS: Of course, we use a little coal in harbour.

Mr. MONTGOMERY, K.C.: Well, £30 per day would have to be multiplied by something.

The WITNESS: £30 a day is £1,200 for 40 days. Multiply 25 by 20 and you get the steaming days—500—

Mr. SYMINGTON, K.C.: 600; you allowed 100 in port.

The WITNESS: —then add 600 tons at £1 per ton—

Mr. SYMINGTON, K.C.: £5,902—I think that was it.

Mr. MONTGOMERY, K.C.: Yes, I think that is right.

Mr. SYMINGTON, K.C.: Receipts.

Mr. MONTGOMERY, K.C.: No, expenses.

Mr. SYMINGTON, K.C.: £5,902 for expenses?

Mr. MONTGOMERY, K.C.: I thought it was somewhere about £3,500?

Hon. Mr. SINCLAIR: By how many days did you multiply?

Mr. MONTGOMERY, K.C.: 40; I think that is what Sir William said.

The WITNESS: Yes, £30 by 40 days, and 20 by 25.

By Sir Eugene Fiset:

Q. £1,200 for running expenses, and £600 for coal. That is, £1,800?—A. 500 tons and 100 extra; that is 600.

Hon. Mr. SINCLAIR: That is per round voyage?

The WITNESS: That is per round voyage. That is only as far as fuel is concerned. Of course, there are port charges at both ends in addition to that, which may run to £2,000 on each side, or £4,000. It all depends on the cargo.

By Mr. Montgomery, K.C.:

Q. The evidence you gave us yesterday as regards the *Rio Dorado*, which you were figuring on a 36-day basis was £3,543?—A. Quite true.

Q. For your running expenses?—A. Yes.

Q. And you would like to add a little to that, to make it 40 days instead of 36?—A. Certainly, if you speak in a general way. Would you like a copy of my statement of the voyage?

Mr. SYMINGTON, K.C.: It is in, I think.

Mr. MONTGOMERY, K.C.: Yes, I would like it.

The WITNESS: I would like to have it back again but it will show some of your shipping friends how I made it up, and may give them a wrinkle or two. Here you are Mr. Montgomery (handing document to Counsel). That (indicating) is an exact passage to Hamburg. That ship will arrive to-morrow afternoon at five o'clock in Hamburg.

By Mr. Montgomery, K.C.:

Q. And to that £3543, I understand you would like us to add four days at £30 per day to meet general conditions?—A. Well, Mr. Montgomery, what you have got before you now is an exact voyage, made up of exact figures and facts of the run to Hamburg.

Q. I want to get the evidence clear. You say this is one particular voyage, but to meet general conditions— —A. You speak in general terms of 10 years, and these are the figures I am giving you on that basis.

Q. I want your average so I am asking you for your statement. I am not trying to make one of my own. I understand your suggestion to be that to cover general conditions, four days should be added to that 36, making it 40 instead of 36?—A. I think so; I think that is a reasonable thing to do.

Q. So that to the £3543 should be added £120 to cover the running expenses of four days at £30 per day?—A. That is right, yes.

Mr. MONTGOMERY, K.C.: That is £3663 for the round voyage; £3543 plus £120.

Sir EUGENE Fiset: Does that include port charges?

Mr. MONTGOMERY, K.C.: Yes, that includes port charges, Sir Eugene.

Sir EUGENE Fiset: Would it—

The WITNESS: No, Mr. Montgomery, excuse me correcting you there. The port charges, if you reckon over a number of years, ought to be based on the port charges in Great Britain, which would amount to about £2000 instead of £550, or whatever it is, in Hamburg.

Q. And would you like to substitute for the £550 some other figures—an average figure?—A. And also the Montreal general cargo is down here at £1300 for loose grain; it would probably cost me £2,000.

By the Chairman:

Q. Thirteen hundred dollars, you mean?—A. No, pounds.

Sir EUGENE Fiset: I would like to understand this statement. Is this an estimated cost of 10 operations of these ships? It is an estimate pure and simple?

The WITNESS: Yes, it is an estimate, General, but it is a fairly accurate estimate over about 10 years, which I would require to have covered if the freight were not sufficient to cover these fixed charges.

Hon. Mr. STEVENS: Mr. Chairman, if Sir William would simply amend his statement of yesterday to make it applicable to British ports and general cargo, you would get what is in his mind.

Mr. MONTGOMERY, K.C.: That is right.

By Mr. Montgomery, K.C.:

Q. So we have £3543 to start with; we add £120 to cover the extra four days; now, we have an addition which Sir William wishes to make for port charges in Montreal for general cargo, and London versus Hamburg?—A. £2000 on each side.

The CHAIRMAN: Mr. Montgomery, may I suggest this, that the statement placed in the record yesterday was in connection with a definite voyage, while this, I understand is an estimate.

Mr. MONTGOMERY, K.C.: No; this is the statement of yesterday.

Mr. SYMINGTON, K.C.: It was an actual voyage of the *Rio Dorado* with grain.

Mr. MONTGOMERY, K.C.: It was a round voyage which is now complete, where the expenses were £3,543—the actual expenses, with the exception of the port charges at Hamburg.

The WITNESS: That is right.

By Mr. Montgomery, K.C.:

Q. And you say, to give general conditions—and this was only grain—that the port charges at Montreal should be increased to a port charge which would cover the London charge on general cargo?—A. Yes.

Q. And your suggestion is what figure should be substituted?—A. I think £2,000 on each side would be a fair estimate.

By Hon. Mr. Stevens:

Q. £2,000?—A. Yes, sir, £2,000.

By the Chairman:

Q. You ought to put \$10,000 on each end, to cover general cargo?—A. Yes, that is what Mr. Montgomery, I think, is trying to make it.

Hon. Mr. Sinclair:

Q. Is that £2,000 in each port.

The CHAIRMAN: Yes.

Mr. MONTGOMERY, K.C.: I think it is £5,800.

The CHAIRMAN: Put a question. It will crystallize the whole thing.

By Mr. Montgomery, K.C.:

Q. I take it, it would be £5,800 that you would estimate for, if you were handling a general cargo between Montreal and United Kingdom ports?—A. Yes.

Q. And you have there taken London, have you not, as the United Kingdom port?—A. Yes, or Liverpool. I think there is not much difference.

By the Chairman:

Q. Does that £5,800 just represent the port charges at both ends, or a portion of the boat?—A. The entire portion of the boat, the entire voyage, except the fixed charges; I have no management in there.

By Mr. Symington, K.C.:

Q. The depreciation?

Mr. MONTGOMERY, K.C.: The depreciation is taken care of by the subsidy.

By the Chairman:

Q. This £5,800, Sir William, is given as against the £10,000 by Mr. Middleton?—A. Yes.

By Mr. Montgomery, K.C.:

Q. There are no fixed charges in these figures at all, are there, Sir William?—A. No.

Mr. MONTGOMERY, K.C.: The fixed charges are taken care of in the subsidy. Everything is taken care of except the running expenses, and we are trying to find out what the running expenses would be.

The CHAIRMAN: I would like to ask him that question, because I would like to compare his figures with Mr. Middleton's.

Mr. MONTGOMERY, K.C.: We have an enumeration of them.

By Mr. Montgomery, K.C.:

Q. You, no doubt, remember the estimate which was made and submitted to Parliament, as to what could reasonably be expected from a general cargo at conference rates?—A. Yes.

Q. It was in dollars, \$43,559.44, which converted at the then rate of \$4.80, gave £9,469/8 10. I suppose that would have to be reduced now somewhat, on account of the difference in exchange?—A. That was the gross rate?

Q. Yes.—A. That would leave a balance of about £3,000 net, would it not?

Q. Yes.—A. That is coming out empty and going out loaded?

Q. Yes.—A. That is right.

Q. You have £9,469 8 10, subject to such readjustment as would have to be made, to convert it at \$4.85, instead of \$4.60?—A. Yes, \$4.60.

Q. Those earnings, I am informed, Sir William, would amount, converted at \$4.85, to £8,981, the gross receipts, in place of £9,469. That is the difference in exchange.

Mr. SYMINGTON, K.C.: £8,981, you said?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Yes.

By Mr. Montgomery, K.C.:

Q. From which we have to deduct £5,800, leaving it £3,181, to provide for management, expenses and profit?—A. That is right.

Hon. Mr. SINCLAIR: Is the £8,981 an estimate for 10 years, or the actual receipts of the voyage that was given?—A. Yes.

Mr. MONTGOMERY, K.C.: That is shown as a typical voyage, what might be expected from a typical voyage, at the conference rates.

The WITNESS: At that time, yes.

By Mr. Montgomery, K.C.:

Q. So, apparently, there was a considerable latitude for rate reducing?—A. Yes.

Q. Still leaving a considerable margin for profit, over and above the eight per cent, that you are receiving on your preferred shares, plus having the capital cost of your boats paid for?—A. Yes.

Q. Now, in that estimate, you will note that, as you pointed out yourself, it makes no allowance whatever from receipts from westbound cargo?—A. No, none whatever.

Q. And the evidence, I believe, is, that the receipts from westbound cargo would amount to—Do you remember, Mr. Symington? Eighteen per cent, I think.

Sir EUGENE Fiset: Seventeen per cent, the lowest.

Mr. MONTGOMERY, K.C.: It may be 17 per cent or 18 per cent. Mr. Scott gave us the revenue derived from the east and westbound freight.

Sir EUGENE Fiset: It was 40 per cent maximum and he said 80 per cent minimum.

Mr. MONTGOMERY, K.C.: Mr. Scott gave us an average. Mr. Scott's report analyzed all of these, but he separated their east and westbound earnings. It is on the last page of the report, page 4.

"The figures available exceed one half of the total freight earnings on cargo steamers and show that in 1923 seventy-eight per cent was earned from eastbound freight and twenty two per cent was derived from westbound freight."

18 per cent derived from westbound freight.

Q. So we might take it at roughly 18 per cent. That is Mr. Scott's report, that is an average of all that he had accounted for.—A. Yes.

Q. So we might, I assume, reasonably add to the freight figures which we have of £8,981, 20 per cent, to represent the revenue to be derived from westbound freight?—A. No, I do not think so, Mr. Montgomery. You see before you work up the westbound freight you will have to catch your chicken first, before you can roast it.

Q. I would credit you with being a fairly good catcher, Sir William.—A. It takes some little time to get hold of the chicken.

Q. This is only the average. You know that some of them run up as high as 40 per cent?—A. Yes.

Q. You would not expect, if you were running a line for ten years, to come out in ballast?—A. No, quite true.

Q. You would expect a certain revenue to be derived from your westbound traffic?—A. I agree with you.

Q. It would not be unreasonable to suppose that, after you had a little time to arrange your management, that you would, at least, do as well as the average in westbound freight, and that average would appear to be, roughly 20 per cent of the total revenues.

By Hon. Mr. Sinclair:

Q. Is that provided for in the estimate of your voyage expenses?—A. That is the existing lines, with their connections, reckoning on that.

Mr. MONTGOMERY, K.C.: I will leave you on that.

Sir EUGENE Fiset: In other words he has taken all his profits on the eastbound trade.

Mr. MONTGOMERY, K.C.: I could not agree with that.

The CHAIRMAN: Mr. Middleton told the Committee that, taking the typical ship, of the lines with which he was connected, that ships on a round voyage

[Sir William Petersen.]

would have to earn £10,000, in order to provide for depreciation, investment on fixed charges and a reasonable profit on the capital invested.

Mr. SYMINGTON, K.C.: On a 6,500-ton vessel.

The CHAIRMAN: On a 6,500-ton vessel.

By the Chairman:

Q. How much would you feel it was necessary to earn, to take care of one of your ships in the same trade, per round voyage?—A. Mr. Chairman, I would be very glad to take the same amount on my 9,000-ton ships. I will ask for no subsidy, if that is guaranteed me.

Q. That does convey something to my mind, but what I would like to do is to have you answer the question directly: For a ship of the same size as Mr. Middleton's ship, 6,500 tons deadweight, what would you say you would require to earn per voyage, in order to provide for the various expenses, the profits and interest, which Mr. Middleton provided for in his estimate?

Mr. MONTGOMERY, K.C.: It is pretty hard to make an estimate. The average man does not figure on his bare interest, the average man figures on getting something like the Schwab business, a dollar for the plant and a dollar for the shareholders; having a profitable industrial business, and I assume the same would apply to a profitable shipping business, he would like to get something for interest and depreciation. Unless you knew what was in Mr. Middleton's mind, to get their minds working on the same basis, it would be pretty hard to make the comparison.

The CHAIRMAN: The question is just as fair in Sir William's case as in Mr. Middleton's case.

The WITNESS: Can I answer the question?

The CHAIRMAN: Yes. You may answer the question.

The WITNESS: This is purely a hypothetical question.

By the Chairman:

Q. Yes?—A. If I had £10,000 and I only made 6 trips, that would be equivalent to £60,000 a year, and to run that at £5,000 each way, that would leave me £40,000 net profit in six trips.

By Hon. Mr. Stevens:

Q. Including interest on investment and depreciation?—A. No.

Q. Mr. Middleton's figures included depreciation.—A. That is a simple matter to deduct.

The CHAIRMAN: I will relieve you from the responsibility of answering that question.

Hon. Mr. STEVENS: I think it ought to be made clear that the figures Mr. Middleton submitted included everything.

The CHAIRMAN: I tried to make that as clear as I could, but Sir William is merely giving us operating expenses. That is the reason I am abandoning my question.

Mr. SYMINGTON, K.C.: I think the subsidy takes care of all this. Sir William takes six voyages.

Sir HENRY DRAYTON: Sir William takes six voyages; you are taking eight.

Mr. SYMINGTON, K.C.: He has computed it on eighty, as I understand it; that is, £3,435, and he is giving his operating expenses outside that as £5,800, which would be a total of £9,235 per voyage on these 9,000 ton ships.

Hon. Mr. STEVENS: As against 10,000 which Mr. Middleton estimated.

[Sir William Petersen.]

Mr. SYMINGTON, K.C.: Well of course, as to the interest on the investment, that depends on what per cent is taken.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, we have heard about it from your end. What were the Canadian public to receive in return for that subsidy, apart from the theoretical control of rates? Or the practical one if you like, how many voyages of these boats were they going to get?—A. How many voyages would I guarantee? I cannot guarantee any voyages, because it would be entirely in the hands of the Minister of Trade and Commerce to send the ships where he liked, keep them as long as he liked and direct them where to go.

Q. You are not suggesting that the Minister of Trade and Commerce is going to operate your boats for you?—A. No, certainly not; but he has the right to direct them, and I am bound to send them where he directs them to go.

By the Chairman:

Q. Suppose for the purpose of this question that you are directed to conduct this service between the St. Lawrence route in summer time, and the St. John and Halifax in winter and the United Kingdom ports?—A. Yes.

Q. Suppose we take that for granted, how many voyages would you—A. Figure on?

Q. Yes, would you figure on per annum?—A. Oh, I think I might figure on eight voyages, round trips, with my ships' speeds.

By Mr. Montgomery, K.C.:

Q. You would make eighty voyages?—A. Yes.

Q. With the ten ships?—A. Yes. Bar accidents of course.

By Hon. Mr. Stevens:

Q. That is a maximum?—A. Yes.

By Mr. Montgomery, K.C.:

Q. You are not making any provision there for annual lay-up for overhaul?—A. Yes, that would still leave a few days for drydocking; still leave ample time for drydocking.

Q. What do you call ample time?—A. Eight trips I think would leave about 45 days to spare. I could easily figure that for you, but taking eight trips.

Q. You are figuring eight times forty?—A. Yes, forty into 365.

Q. I understand. In your number of voyages, Sir William, have you taken into account winter as well as summer voyages?—A. Yes.

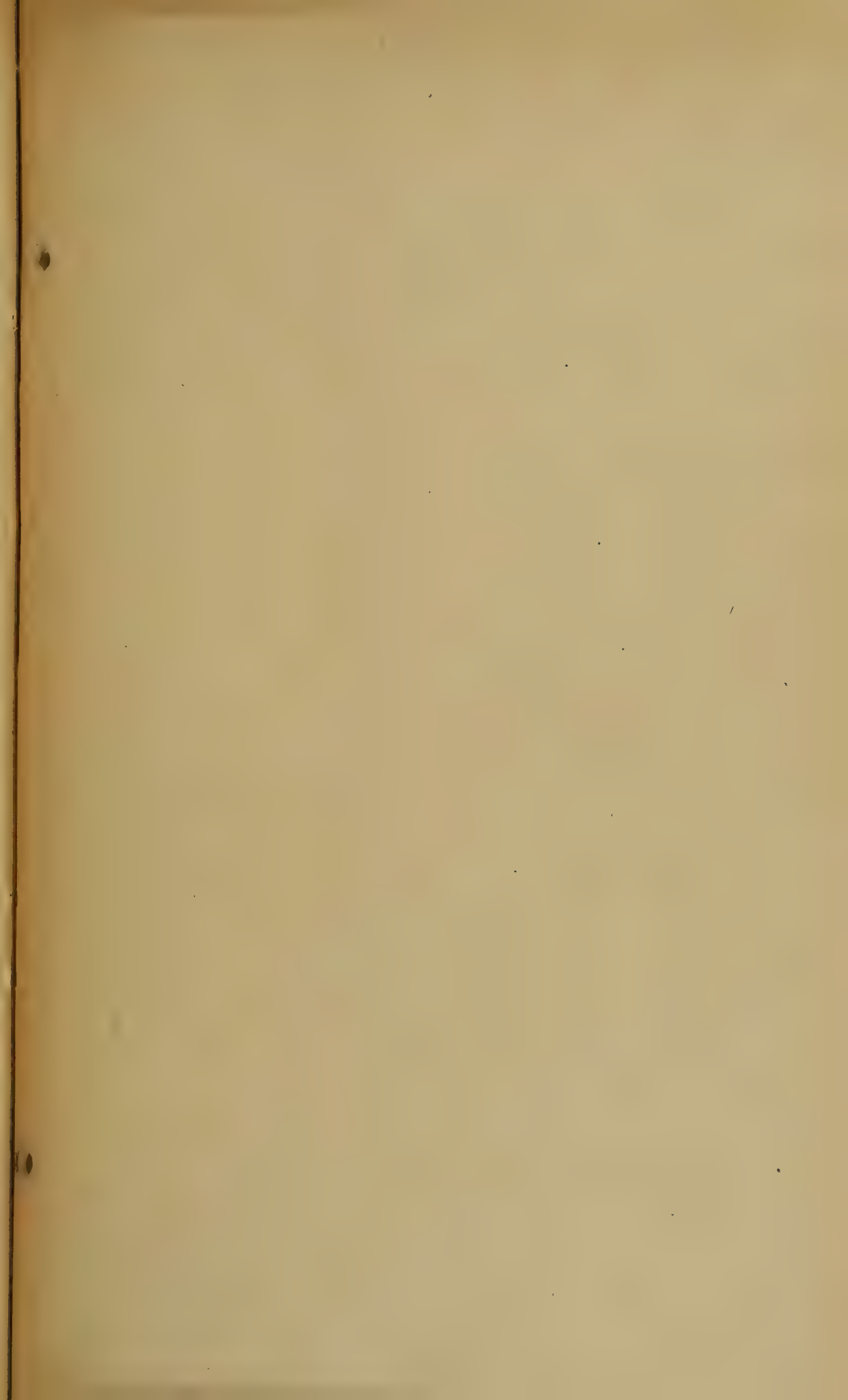
Q. Let us shift them to the something else for a moment.

The CHAIRMAN: May I suggest that if you are just at the end of one subject, that perhaps we might adjourn, or have you something you can go on with immediately?

Mr. MONTGOMERY, K.C.: I can go on, Mr. Chairman.

The CHAIRMAN: We will adjourn until Monday evening at 8.30.

The Committee adjourned.



Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 25—Monday, June 1, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee

Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies

Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Sir William Petersen, K.C.B.E., Ship-owner and Manager, London, England.

EXHIBIT

No. 93—Particulars of Subsidy. Filed by Sir William Petersen. (Read into evidence).

OTTAWA

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

MONDAY, June 1, 1925.

The Committee met at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork.—14.

Sir William Petersen, who was again in attendance, was further examined and retired.

During the course of his examination the witness filed Exhibit No. 93, "Particulars of Subsidy" which was read into evidence.

The Committee adjourned at 11.05 o'clock p.m., to meet again at 11 o'clock a.m. to-morrow, Tuesday, June 2, 1925.

S. R. GORDON,
H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 276,

HOUSE OF COMMONS,

MONDAY, June 1, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at eight-thirty o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, we have a quorum, so the Committee will please come to order. I will ask Sir William Petersen to resume the witness chair.

Sir WILLIAM PETERSEN, K.C.B.E., recalled.

The CHAIRMAN: Gentlemen, before we proceed with the examination of Sir William, and subject to the approval of the members of the Committee, I think it well to suggest that the hearing of evidence shall end to-morrow evening. We will hold a session to-night, and will hold as many sessions to-morrow as Counsel may desire, and at the close of our last session to-morrow, there shall be no more evidence heard. Of course, that is always subject to the right of the Committee to make up their minds that they wish to have someone called to enlighten them on any particular point, but so far as this is a lawsuit, so to speak, I order that the enquette be closed to-morrow.

Sir HENRY DRAYTON: I take it you are only referring to witnesses called by Counsel.

The CHAIRMAN: That is the understanding, and my Committee being with me in that regard, I ask Counsel to govern themselves accordingly, and I am sure they will do so with alacrity and delight.

By Mr. Montgomery, K.C.:

Q. I note on page 1001 of your evidence, Sir William—referring to the printed report of this Committee's proceedings—that these ships had been contracted for prior to this contract?—A. That is right.

Q. And I assume by that, when you say "prior to this contract" you mean prior to the inception of the negotiations for this contract?—A. Quite right.

Q. Now, at a later date I see from your statement to the House that you furnished an estimate of your presumed voyage results. I am quoting now from pages 756 and 757 of Hansard, what we have come to know as the "ideal voyage"?—A. Yes, sir.

The CHAIRMAN: "Ideal" or "typical"?

Mr. MONTGOMERY, K.C.: A typical voyage.

The WITNESS: I do not think I have Hansard here.

Mr. MONTGOMERY, K.C.: It is a question of a different point of view; they call it typical but we call it ideal.

Sir EUGENE Fiset: There is a slight difference.

The CHAIRMAN: Sir William will be able to respond more easily if he has a copy of Hansard before him. What date was that?

Mr. SYMINGTON, K.C.: March 3rd.

The CHAIRMAN: Mr. Montgomery, proceed and in the meanwhile we will get a copy; it may be helpful.

By Mr. Montgomery, K.C.:

Q. In that estimate you included a statement of your fixed charges?—

A. Yes, sir.

Q. I see that the cost of your ships is put down at £135,000 each?—A. That is right.

Q. So that your 10 ships would cost £1,350,000—A. On that basis, yes.

Q. Which for the purpose of the calculation of the subsidy, I note becomes £1,500,000?—A. Quite true. Shall I explain how that was made up?

The CHAIRMAN: Yes.

The WITNESS: I added steel cattle fittings and refrigerating space for each ship, which I think you will find will work out at about 150,000 per ship. That was the difference between the two. That was not included at that time in that estimate.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, this statement that you furnished to the Government and which is reproduced on page 757, was for the purpose of showing what your result would be including the payment of your fixed charges, was it not?—A. Yes, sir.

Q. And in that statement you show, in your receipts, that you are including cattle—in fact, 420 head of cattle?—A. Yes, sir.

Q. You also show that you are carrying a refrigerated cargo?—A. Yes, sir.

Q. And yet you show your fixed charges based on the cost of the boats, as being £135,000, and not £150,000?—A. Quite, yes.

Q. So that one or the other is right, is it not; either the statement given on Friday for the purpose of your subsidy is incorrect, or else the statement which you furnished for use in the House is incorrect?—A. No; it was quite correct, because the £135,000 was for the bare ship, without additional cattle fittings and refrigerating space. There was, in the first instance, a very small space for refrigeration, only for chilled products, whereas, later on, I found out that the Government required a very much larger space to be used also for frozen meats.

Q. You told us the other day that you hoped you would not be obliged to put in any?—A. I am aware of that. I always knew—

Q. In your estimate of refrigerated space you had included a certain amount for butter, and some other item which you mentioned, and you said that it might be found later on to be required to put in a space for frozen meats—A. That is right.

Q. —but you hoped that would not be true?—A. That is quite true, because it is much more expensive, but I have to make provision for it, because I was told to do so.

Q. Now, just try to follow me, Sir William. You certainly showed me in your statement for the purposes of your typical cargo that you would be carrying your full complement of cattle, and had made provision for that purpose?—A. Yes.

Q. I presume 420 head of cattle is your full complement?—A. No; I think 450 is the maximum.

Q. Whether it be 450 or 420, you gave us a boat which was supposed to be equipped for the carriage of cattle?—A. Yes, sir.

Q. And you gave us a boat which was supposed to be equipped for the carriage of refrigerated cargo, which did not include frozen meat?—A. That is right.

[Sir William Petersen.]

Q. And you showed us the capital cost of the boats involved for the purpose of this statement at £130,000—A. Yes.

Q. But for the purposes of your subsidy the amount is £150,000, or £1,500,000 in place of £1,350,000?—A. I did not quite understand that question.

The CHAIRMAN: Read the question.

(The question read.)

The WITNESS: Yes.

Sir EUGENE Fiset: In fairness to Sir William Petersen, I want to say that I understood the other evening that he said this additional space was to be provided and the ships fitted for cattle transportation. I think that should be mentioned, in fairness to Sir William.

Mr. MONTGOMERY, K.C.: That was his first statement. I have no desire to be unfair to Sir William. That was his statement, that the difference would be taken up in providing for refrigeration space, and providing for cattle fittings.

The WITNESS: Yes, Mr. Montgomery.

Q. If that were correct, then your statement was misleading, because the ship provided for both and still had £35,000— —A. I am sure Mr. Montgomery is too fair to allow this to pass without comment, on my behalf. The statement on that particular steamer was made and handed over in November, 1924, before the contract came into existence; but there was no question of simply complying with the contract. I produced that estimate; in the building of a ship under a government contract a great many things have to be added involving a great amount of money.

Q. I do not think the explanation covers it, because you know what the contract price was, and you gave it in that statement, a ship, with full provision for cattle and refrigerated cargo.—A. I did that in November, 1924, before the contract was made.

Q. Let us take the next item, expense of organization and working capital, £300,000?—A. Yes.

Q. For which you required to provide annual charges?—A. Yes.

Q. How did you get at that?—A. How did I get at it?

Q. Yes.—A. Well, let us assume £150,000 working capital.

Mr. MONTGOMERY, K.C.: It is not constructed yet.

Mr. SHAW: Organization and working capital?

Mr. MONTGOMERY, K.C.: Yes.

Mr. SHAW: £300,000?

Mr. MONTGOMERY, K.C.: Yes.

The WITNESS: Yes, I think I have told you that I have allocated, for working capital, £150,000; then the issue of the company, the registration issue of the company, and the expenses already incurred, preliminary expenses £150,000.

By Mr. Montgomery, K.C.:

Q. The registration of the company would not involve any considerable amount?—A. The registration of the company would be £20,000 alone, in England.

Q. The registration of the company would be £20,000 alone?—A. Yes, £20,000, it cost me.

By the Chairman:

Q. \$100,000?—A. No, sir. For £2,000,000 sterling.

Q. I am putting this into dollars, because we incorporate a company so much cheaper on this side of the Atlantic even when people protest against lawyers' charges.—A. I might save, I suppose, £80,000 or £90,000, in this country.

By Mr. Montgomery, K.C.:

Q. £20,000 for the registration of that company sounds rather extraordinary to our ears. Take it at £20,000?—A. It is £20,000, for £2,000,000 sterling registration of the company. I think you will find that is right.

Q. £2,000,000 sterling. Was that what you were figuring on for your capital?—A. That was the company I was going to register, yes.

Q. That is £50,000 preferred, and the rest common?—A. Yes.

Q. And the whole of the cost was taken up by your boats on that voyage?—A. I am not going to limit myself to the amount, but if I register it for two millions, I want to reduce it, to save expense.

Q. You have £130,000 still to go. Can you give us any light upon that?—A. Yes, the underwriting of the company in the issue—I suppose it would come to probably £60,000.

Q. £60,000 to underwrite first debentures with a contract behind it; six per cent debentures, with a government contract behind it at seven per cent. Is that your suggestion?—A. That is my estimate.

Q. Your estimates are rather generous, are they not?—A. I do not think so.

Q. The cost of financing in England is certainly higher than it is here.—A. No, sir. You have now £60,000 and £20,000.

Q. That means £60,000 and £20,000 makes £80,000?

By the Chairman:

Q. You have £70,000 to go. How is that £70,000 made up?—A. I suppose I spent about £60,000 myself.

By Mr. Montgomery, K.C.:

Q. I understood you to say £50,000 to £60,000?

By the Chairman:

Q. How much did you say?—A. £50,000.

By Mr. Montgomery, K.C.:

Q. Already?—A. Including my visit to Ottawa, yes; I think, very nearly. However, Mr. Montgomery, if it is a question of the reduction of a few thousand pounds, it is neither here nor there. I have not gone into very minute details of calculation.

Q. It probably does not bother you, £275,000 a year, but the Canadian taxpayers have to pay for it.—A. I do not want anything from the Canadian taxpayers in connection with that company.

Q. We have to have the reasons why you were to get £275,000?—A. I do not think you quite understand that. That is what I had, to consult, the risk. I have to again point out to you and your clients that I am bound to have this as an insurance policy, against running up against your friends, the conference lines; otherwise it would be impossible for me, if they tried to cut me, cut the rate, and fight me, and the Government cut down bare into my running expenses, it is necessary for me to allow for some substantial figure to provide against these contingencies. I am not restricting myself to a pound or two of what the real issue will cost, or the underwriting. These are estimates, and I am prepared to go either way a few thousand pounds.

Q. We have it that these are estimates, up to £80,000?—A. Yes.

Q. As regards the remaining £70,000, £50,000 or £60,000, you have spent that on your trips to Ottawa?—A. I have been on this two years; I had naval architects, travelling, plans, models, experiments of all descriptions, and it all runs into money.

Q. In the first place Mr. Preston, I understand, only saw you for the first time, at the end of June?—A. Yes.

Q. Up to that time you had no thought of any Canadian contract, and your boats you had already contracted for?—A. Not the boats required by the Canadian contract. The boats, yes, were contracted for, but it is not the same boat; the boats had to be very much improved, and the cost added to, in order to comply with that contract.

Q. That is a new suggestion.—A. No, it is not a new suggestion, not on my part. No, I will take exception to that. I did not make any new suggestions.

Q. My recollection is very poor if that suggestion has ever occurred in the evidence before.—A. Well, I am sorry, but that is absolutely correct.

Q. The boats, as I understand it, were monitor type, cargo boats?—A. Well, yes, of course; they were the type contracted for.

Q. The only improvements you have so far suggested were the provision for refrigeration and cattle fittings?—A. Yes. These are very important items.

Q. I think we have taken up the slack in this, and there was still the increase suggested, from £135,000 to £150,000?—A. Yes, I think I will not be many pound out.

Q. I do not think so, Sir William?—A. No. I certainly will not be many pounds in.

Q. Now, we will not bother with the odd £10,000 or £20,000 that you still have left over in your first £150,000, unless you have something you wish to add to it?—A. I have not the accounts with me now, that are made up.

Q. Let us take the other £150,000, for working capital?—A. Yes.

Q. You have told us your expense per voyage would be something under £6,000.—A. Are you referring now to this rate per ship?

Q. I am referring to your evidence of the other day?—A. £5,800.

Q. Supposing you had to disburse the entire amount of your expenses before you get back one dollar from your freight, you would have to provide £6,000 per boat, working capital?—A. £5,800.

Q. We will call it £6,000, to be generous.—A. Very well.

Q. For ten boats, you would have to provide £60,000 working capital?—A. Yes.

Q. That is on the assumption that the boats were making the voyages at the same time, and that you had received nothing from the freights, for any of them?—A. Yes.

Q. And your total working capital would therefore be £60,000 on that outside estimate?—A. No. I think you are wrong in your instructions there. Any of your shipping friends will tell you that insurance is a very big item, in shipping, in the management. You have to pay your insurance ahead, by quarterly instalments. That means a large sum of money to begin with.

Q. As I understand it, in your voyage expenses you had included everything that should be included, and property debited, and you had included insurance in that?—A. No, sir. I had to know the working capital you are speaking of, £150,000. Why have I allowed for that? I allowed for that to pay out large sums in advance.

By the Chairman:

Q. What would your insurance freight be on those vessels?—A. I insured them at 65s per cent; a very low rate.

By Mr. Montgomery, K.C.:

Q. 65 shillings on the 100 pounds?—A. Yes.

Q. That would be about three per cent?—A. Three per cent. Take the ships at £150,000.

[Sir William Petersen.]

By the Chairman:

Q. I would have appreciated your explanation on that. It is not fair to ask him to go on, without asking him to clear it up, in my mind. You have put in an estimate, Sir William, produced in the House, as shown on page 757 of Hansard of this year, and you gave, among your operating costs, insurance £13 per day?—A. Yes.

Q. That is per day?—A. Yes.

Q. After you have put that in your operating cost, can you say you need to make a similar charge, in respect to your working capital?—A. Certainly, Mr. Chairman. Unless I have that paid in advance, where am I going to get that amount? I cannot get it out of the voyages. The voyages will have to be made first, but I have to put it down to my insurance brokers at Lloyds. That is where the working capital is helping.

Q. It is paid once in advance, in respect to what is insured?—A. Yes.

Q. Then you cannot put that in your working capital? At least it strikes me that way. You may be able to explain it, so that I will see it. It looks to me as if it were bad accounting, and I say it with respect to Mr. Stevens, that you charge, first of all, insurance in your operating expense, and then you say, "I have to have so much in working capital."

Hon. Mr. STEVENS: He means that he pays the insurance which he has to pay in advance, just distributing so much of it for each ship.

The WITNESS: That is right. I must have that to draw upon in advance. That is what the working capital is utilized from, Mr. Chairman.

Mr. BLACK: That is right.

Hon. Mr. STEVENS: I don't know that it will be necessary to pay a full year in advance.

The CHAIRMAN: That does not make much difference, whether it is all in advance, or quarterly.

The WITNESS: It is quite a common thing, Mr. Chairman, to pay it quarterly, but it has to be provided for.

By Mr. Montgomery, K.C.:

Q. I understand that that insurance is only paid quarterly, that you only advance one-quarter.—A. Sometimes we advance the whole year, and sometimes quarterly; it depends upon how much working capital you have.

By Hon. Mr. Sinclair:

Q. You might be generous and say half-yearly?—A. Yes. That is a matter of arrangement with your insurance brokers.

By Mr. Montgomery, K.C.:

Q. As a matter of fact, you are at liberty to pay quarterly if you like?—A. If your broker is agreeable.

Q. You arrange the time as your voyages go on?—A. That is right.

Q. That will provide for all your ships being out?—A. No, that is only as far as the lines concerned we have been talking of now; but in connection with shipping management, there are a great many other amounts which have to be accounted for, for which you have to have money to draw upon.

Q. And for that reason we are allowing you as if you were out of pocket the entire amount before you had ever received one cent from your voyage?—A. I will be obliged to you for that, Mr. Montgomery.

Q. We are allowing you 6,000 pounds instead of 5,000-odd as a disbursement entirely out of pocket, and in respect of your ten ships, it is as though they were starting out entirely at once, on one voyage, and that is certainly as generous as one could wish, is it not?—A. You think so?

Q. And on that basis the total working capital required would be 60,000 pounds?—A. You are cutting it very close, Mr. Montgomery. I would like you to manage ships a little while.

[Sir William Petersen.]

Q. You are asking us to pay interest on 150,000?—A. Yes, and that is a very small amount on a concern of this size, 150,000 of working capital.

Q. But it is the amount upon which Canada is required to pay you your annual interest and other charges?—A. Yes.

The CHAIRMAN: I would move on to another subject, Mr. Montgomery.

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman.

By Mr. Montgomery, K.C.:

Q. As you had all your contracts for these boats before arranging for your terms of payment, you know how you were going to finance them—A. Yes.

Q. I see that in your fixed charges, or list of standing charges shown on page 757 of Hansard, you figured one-half of the debentures at 5 per cent?—A. Yes.

Q. And for the purposes of the subsidy, the same one-half debentures have grown to 6 per cent?—A. Yes.

Q. Without going through all the details, your standing charges or fixed charges, against which you will require to be protected, and for which provision has to be made, have grown from 80,000 pounds as given in your expense account attributable to the boat (in Hansard) to 270,000 pounds per annum as shown for the purposes of the subsidy?—A. Are you again referring to that ship mentioned in Hansard?

By the Chairman:

Q. Yes.—A. That is a pure illustration made long before the contract was entered into with the Canadian Government.

By Mr. Montgomery, K.C.:

Q. The figure frequently quoted is quoted as showing that they ought to be able to make money?—A. At that time it was taken as a typical illustration of what a ship could do, and there was a change in the cost at that time of the ship.

Q. Are you suggesting that the costs have changed so much since that time and up to the present time that what would necessitate a provision for 80,000 pounds on the 11th of December had grown to 275,000 pounds?—A. No, but I have already explained to you, Mr. Montgomery that the cost of the building of the ship in the first instance has not changed, but the additional cost of bringing her up to the standard required by the Canadian Government contract brings it up to a much higher figure.

Q. Are you suggesting that the additional cost required to bring the ship up to the standard required by the Canadian Government contract would account for any considerable proportion of the increase in your standing charges from 80,000 pounds to 275,000 pounds per annum?—A. Not so much as that; I don't think you are quite correct. How do you make up your figures?

By Hon. Mr. Sinclair:

Q. How do you make it up?—A. One-half the debentures, say on 8,000 pounds per boat would be 80,000 pounds per annum for the ten boats.

The CHAIRMAN: In the last estimate submitted, what was it, what was the corresponding amount?

Mr. MONTGOMERY, K.C.: 275,000 pounds. The total standing charges for which provision has to be made out of revenue and the only standing charges as represented to show what the net profit should be was on the basis of 8,000 pounds per boat?

The WITNESS: Yes.

Q. Or 80,000 pounds for ten boats?—A. Yes, quite so.

[Sir William Petersen.]

Q. As compared with 275,000 pounds, which we also know is for ten boats. That is why I multiply by ten?—A. And in that estimate we have taken no account of working capital.

Q. Was that estimate a misleading estimate to lay before Parliament?—A. No. It was never intended as a serious estimate; it was merely taken as a typical example at the time of what this boat we had building could do under certain circumstances.

Q. It was not to be taken seriously, then?—A. It was not a basis for the contract.

Q. But you know it was used seriously?—A. I think anybody could use it as a basis, without going into the minute details you are going into now.

Q. But not to go in a very few months from 80,000 to 275,000?—A. I do not quite see how you arrive at that.

Q. Your standing charges furnished for use in Parliament amounted to 8,000 pounds per boat, or 80,000 pounds for ten boats, did they not?—A. But what about the working capital?

By the Chairman:

Q. Have I got this right, Sir William Petersen, that in this approximate result found on page 757 of Hansard of this year, the standing charges to take care of the bonded interest, of the interest on debentures, amounted to 8,000 pounds per ship?—A. Quite right.

Q. Or 80,000 pounds for ten ships?—A. No, for the one ship, 8,000 pounds for the one ship.

Q. Or 80,000 pounds for the ten ships?—A. Quite right.

Q. And the difference between that approximate estimate and the figure mentioned here of 275,000 pounds is explained by the fact that the first approximate estimate did not provide for working capital?—A. Not only that, Mr. Chairman, but the first estimate here—the ships were estimated at 135,000 pounds cost, where they ought to have been 150,000 pounds to comply with the contract. Furthermore, here is 5 per cent only allowed for debentures, where I had to pay 6 per cent for debentures under the Government contract.

By Mr. Montgomery, K.C.:

Q. That is to say, your information when you furnished this estimate in November about this Government contract was that you would get your money for 5 per cent, and with a Government contract and an assured subsidy you were figuring on having to pay 6 per cent?—A. You are quite wrong, Mr. Montgomery. I will tell you how that came about, and I will explain it to you. On the basis here I had that contract and had 600,000 pounds granted me by the British Government, which was to be acceptable to a million pounds issued at 5 per cent for 20 years, but when they heard I had entered into a contract with the Canadian Government the British Government cancelled this facility of 5 per cent, and I had to arrange to pay one per cent more for my debentures.

Q. I was just coming to that facility question, Sir William; I was also struck by that.—A. That is very interesting.

Q. So that your suggestion is that for only 50 per cent of the cost of your ships, and with an assured annual return guaranteed by the Government of Canada of several times more than the amount required to take care of your debentures, you could not raise money on first mortgage debentures for less than 6 per cent?—A. No, that is not true, and I will tell you why. I had no such assurance from the Government of Canada, nor have I to-day, because the Government of Canada could cut down the rates on my contract to a penny a ton, and I would have to pay men many thousands of pounds for the running expenses; therefore I have no assurance of that, and it is quite wrong. Go on to another basis. You are quite wrong.

[Sir William Petersen.]

Q. Are you seriously suggesting that you contemplated the possibility of the Government of Canada cutting down freight generally to a penny a ton?—A. No, certainly not, not this Government; but we might have another Government in power a year hence, which might have quite different views.

Sir HENRY DRAYTON: You will.

By Mr. Montgomery, K.C.:

Q. And was it against that contingency you were requiring such an ample margin?—A. I think for ten years you have to be careful, in politics, in what you are doing for ten years.

Hon. Mr. STEVENS: One per cent extra, Sir William, would only be about 675 pounds per year per ship. That would not make up the difference.

The WITNESS: I do not say it would be a great thing. As a matter of fact I was greatly pleased when the Government of Great Britain cancelled it, because it got rid of a great deal of red tape which I could not comply with in a contract of this kind. Mr. Montgomery brought me into this difference between 5 and 6 per cent; it was not because the Canadian Government wanted so much more, but because they cancelled it. They still say I can have it if I go into any other trade.

Hon. Mr. STEVENS: Better allow the 6 per cent.

Mr. MONTGOMERY, K.C.: Let us go on to the next item, Sir William.

Mr. SYMINGTON, K.C.: Let us clear this up. In the March 3rd statement there is nothing allowed but the first and second debentures, and in the statement last night he was allowed but 650,000 pounds to be invested in the boats.

Sir HENRY DRAYTON: Have you the statement Sir William read the last night?

The WITNESS: I think I have it here.

By Mr. Montgomery, K.C.:

Q. Passing over the debentures for the moment, your next item is preferred shares, that my friend has spoken of?—A. Yes.

Q: £52,000 per annum at eight per cent, you provide?—A. Yes.

Q. When you were making up the estimates as to the proper charges to set against the ship for the purpose of comparison with what the lines were doing, you included no such figures?—A. Not in that estimate, no.

Q. Let us go on to the next item: depreciation. You did include depreciation?—A. Yes, but I did not include management. You see that is a pure estimate, Mr. Montgomery; nothing whatever to do with the contract; long before the contract was entered into.

Q. For what purpose was it given? Estimates are usually given for some purpose.—A. It was simply to prove what the ship could do under ordinary circumstances; in ordinary trade; not St. Lawrence trade, necessarily.

Q. Then you have seen the purpose for which it was used? You must have been indignant when you saw how it was applied?—A. I beg pardon.

Q. You know the purpose for which it was used?—A. Well, I suppose, judging from the Hansard, yes, I know what it was used for.

Q. Do you know what the suggestion was; that that is what a boat should do contrasted with what the lines were claiming their boats did?—A. Yes, and so it could.

Q. Then you still stand upon it? The estimate given in Hansard is correct then?—A. At that time, yes. Basing it on that estimate, yes, quite.

Q. You say "at that time." Have the times changed since then?—A. What is the difference really.

The CHAIRMAN: Just try to answer the question, Sir William.

The WITNESS: I did not follow it.

[Sir William Petersen.]

By the Chairman:

Q. Have the times changed? You say the estimate was correct at the time the estimate was made. Mr. Montgomery asks if the times have changed since then?—A. Matters have changed pretty considerably. As I have explained, the ship in regard to which the estimate was given in November, 1924, is not the actual ship I have to-day contemplated for the contract. That is a far superior ship; much more expensive.

By Mr. Montgomery, K.C.:

Q. In November, 1924, the ship as then contemplated by you, was to carry fixed charges of £80,000, which have grown to the figure we have mentioned of £275,000 per annum.—A. Well, whatever it is.

Mr. SHAW: Is not this the situation, Mr. Montgomery? That the statement given at that time is fairly accurate as compared with the statement now produced but it is not as complete?

Mr. SYMINGTON, K.C.: It does not include any investment at all.

Mr. SHAW: It does not include interest on preferred shares; it does not include upkeep, repairs and contingencies.

Mr. MONTGOMERY, K.C.: It is either one thing or the other; either this is grossly misleading for the purpose it was forward, or the other is as grossly misleading the other way.

Mr. SHAW: This statement was not used by Sir William but was used in the House of Commons.

Hon. Mr. STEVENS: By the Minister, was it not?

Mr. MONTGOMERY, K.C.: It was introduced by Sir William Petersen for some purpose.

Hon. Mr. STEVENS: It was used by the Minister in introducing this measure.

Mr. SHAW: It is not Sir William's in the sense that this is.

By Mr. Montgomery, K.C.:

Q. Then let us go on to the next item, which is depreciation £60,000 per annum. Will you compare that with your statement, redemption and depreciation 25 years. It includes both redemption and depreciation.

The CHAIRMAN: £22,000.

By Mr. Montgomery, K.C.:

Q. £2,263 for the boat which would be £22,600 for ten boats?—A. Yes. That was of course reckoned on 25 years' redemption, don't you know, instead of 20.

Q. Whether 25 or 20 you considered at the time that that was the proper charge to make?—A. Yes, according to this estimate; yes, certainly.

Q. But that same charge has grown, if I mistake not, to £60,000 per year for depreciation alone, apart from redemption, for which other figures are given?—A. Yes, evidently.

Q. And all goes to make up the £275,000 per annum which the Canadian people are called upon to pay?—A. No, I may tell you there is a very important item there in connection with upkeep.

Q. I am coming to that.—A. I wish you would come to that now.

The CHAIRMAN: Mr. Montgomery is the questioner, you know, and you will get to it quicker if you will just answer his questions.

The WITNESS: What is the question then?

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. To satisfy Sir William I will take the next item. Unless you have any further explanation to make in reference to the depreciation and redemption items. If you have, I will be glad if you will give it? If not I will take the next item of upkeep and redemption.—A. Yes, come along. I have nothing further to offer.

Q. You have nothing further to offer on the redemption and depreciation item?—A. No.

Q. All right. Now you suggest that I draw your attention to the £40,000 per annum for upkeep repairs and contingencies. I have no doubt you wish to give some explanation in regard to that. It is the last of the items that go to make up the £275,000.—A. I did not invite you, Mr. Montgomery but I will be delighted to tell you. First it is £44,000.

Q. I said forty-four, didn't I?—A. Did you? Quite right. Upkeep repairs and contingencies. Now you know in new steamers you find very few repairs for the first few years, until you get past your first survey and so on. But you do, in a business of this kind, find a great many contingencies; and one contingency is very evident to any shipping man, and that is this: that if I am compelled to run a line of steamers up against any combine or conference and to give the Government absolute control of rates and the destination of the ships, to order the ships anywhere they like; to keep the ships in any ports they like, as long as they like; that is a contingency which is a very serious one, and which would absorb a great many £44,000 should it come to pass that they were to cut the rates to a figure which would cut into my running expenses. That is the contingency, more so than the upkeep and repairs referred to in that item.

Q. Can you help us at all with a little subdivision? It is figured out at £44,000 per annum. And that must have required some calculation. Why wasn't it thirty-four or fifty-four?—A. I could just as soon have made it fifty-four. It made no difference. I will tell you why. I have made it out very carefully as far as the upkeep and repairs are concerned, but it is impossible to say what the Government might do in connection with the running of the ships.

Q. But, don't you see, Sir William, we cannot be so careless about it. It is a subsidy of £275,000 per annum which we have to provide in cold cash, of which £44,000 is for upkeep, repairs and contingencies. Now surely you are going to throw a little light on that, why that should be £44,000 per annum.

The CHAIRMAN: The contingencies I take it would have to be a pure estimate, but you might ask him how he estimated his repairs.

Mr. MONTGOMERY, K.C.: The whole thing, he can divide it anyway he likes. It is not forty-five, it is forty-four, which shows some calculation.

By the Chairman:

Q. You might tell us how you arrived at this estimate.—A. I calculated that for ten years, Mr. Chairman, and I remember I went into careful calculation about what the first survey would cost. The first four years of a ship's life is not a serious thing as far as repairs are concerned, but then Number 1 survey comes after the first four years, and after that, the repairs of the ship increase every year, and in the course of ten years you get a fairly large average, but it would not as I say amount to an average of £4,400; I think it is £44,000.

By Mr. Montgomery, K.C.:

Q. £44,000.—A. But I add contingencies, and that is the point: supposing the Government said to me, we want you to fight the Conference, or break the Conference, or they have some attempt of that kind in their minds, and they say "You must carry this at a shilling a ton, your cargo all round." Well,

[Sir William Petersen.]

don't you see, Mr. Chairman, what would happen then? I could not run my ships without cutting into my running expenses, which as you see here work out at a rate of £62 a day. I reckoned £65 a day. This is the contingency I have included in that item and I think a very reasonable one. You never know what political events might bring about.

Q. Did you furnish any details of why that £44,000 were required?—A. Yes, I did. I have not got them here but I will furnish them to you as well as I can convey to your mind in connection with the shipping problem over ten years. It is not so easy you know.

Q. But you were engaged in a trade which lasted from the end of June until the 11th December. Now that must have required very careful consideration. Did you furnish any particulars of that £44,000, why such an item of that sort should be required?—A. Of course I did. I have a life-long experience in shipping; I have a fairly good idea of how things pan out in running lines. I ran a line to the United States for five years, for a passenger and fruit company. The first four years they made forty per cent profit. The fifth year engines and hull and everything began to tumble to pieces and large sums of money had to be expended, to re-set the engines on the bed-plates and all that sort of thing. I am talking from experience. That is my actual experience in shipping and anything might happen during the course of ten years and a sane man must always allow for these sort of things.

Q. I do not want to press this unduly. If you can furnish us with any details, or furnish us with a copy of the details you furnished to the other contracting parties at the time, I would be glad to give you the opportunity to do so. If you cannot, I am going to allow the matter to drop, and take it that the £44,000 was given blind.

The CHAIRMAN: Was given blind?

Mr. MONTGOMERY, K.C.: I will change that. That the £44,000 was a pure estimate if you like.—A. Yes, pure. I will make you a present of half of it in calculations and anything like that. It is impossible to calculate this.

By the Chairman:

Q. What would you have calculated that contingency and repair account to have been if there had been no question of a contract, or of other people fixing the rates—A. £2,500 a year, on an average, Mr. Chairman.

Q. £2,500 a year per ship—A. Yes, per ship, over the ten years, I mean, taking everything into account, dry docking and so on.

Q. That would be, therefore, about half of that would be made from your own experience and half of it would take care of contingencies arising under a somewhat unusual contract?—A. Yes.

Mr. SYMINGTON, K.C.: I would point out, Mr. Chairman, that that is about half what they allow for repairs in Exhibit 35.

Mr. MONTGOMERY, K.C.: I am just going to draw attention to that. I have that noted.

By Mr. Montgomery, K.C.:

Q. Have you cleared up the question of repairs, how much you are allowing for repairs in that—A. I said so; I told the Chairman.

The CHAIRMAN: He said about half of it. He said of this £44,000 about half of it would represent repairs which we can reasonably estimate from experience, and the other half of the £44,000 was to take care of the contingencies under this somewhat unusual contract.

Mr. DONALD: I think he said over ten years.

The CHAIRMAN: Yes, and that this estimate was figured over the whole period of ten years.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. And I assume it is quite correct, Sir William in your voyage summaries and estimates, to make provision for this survey which has to take place every four years?—A. Yes.

Q. It is not merely for running repairs, but it is a sinking fund, as it were, that you have to establish for the survey?—A. And drydocking and painting every six months, and the ship laid off, perhaps for a few voyages during repairs, and many other things which happen in shipping.

Q. Now, what you are taking is half of that, then, Sir William; that is £22,000 per annum?—A. £25,000 per annum.

Q. £25,000 per annum is what you allow?—A. I allow that per ship over ten years.

By Sir Eugene Fiset:

Q. Over ten years?—A. As an average.

Mr. RINFRET: Do I understand, Mr. Chairman, the difference is made up to cover contingencies which may arise on account of this unusual contract?

The CHAIRMAN: That is what I understand from Sir William.

Mr. RINFRET: What if no such contingencies arise?

The CHAIRMAN: If no such contingencies arise, about half of that provision should be sufficient.

The WITNESS: I will give it back to the government if such contingencies do not arise, but I have to allow for them, you see.

By Mr. Rinfret:

Q. Or in other words, the government, through this contract, was quite willing to pay for that contingency whether it does arise or not, but if it does not arise you are willing to pay it back?—A. Yes, certainly.

By Sir Henry Drayton:

Q. That will be another amendment to the contract?—A. That is very simply done, Sir Henry.

Mr. RINFRET: That may mean some money for the country.

By Sir Henry Drayton:

Q. Just going on with that, did Mr. Low have this statement?—A. No, I do not think so.

Q. It looks to me as if this was a comparatively new statement?—A. My lawyer, Mr. Donald,—we had lost that from the days of the contract, and I had lost the notes, and I got my lawyer, Mr. Donald, to make it up, I think a week ago.

Q. This statement was made up only a week ago?—A. It was a copy from the old statement we made up at the time we negotiated with the government.

Q. Have you got the old statement of which this is a copy?

Mr. DONALD: I think perhaps I can furnish this information if you like, Sir Henry. I made that statement up from a lot of notes Sir William had in connection with the drawing up of the subsidy.

The CHAIRMAN: Mr. Donald, will you give the rest of us the benefit of that statement?

Mr. DONALD: I made that statement up at the request of Sir William from various notes which we had when we made up the figures for the subsidy when the contract was signed, and the notes were on various pieces of paper of many kinds.

The WITNESS: I left my notes in England.

Mr. DONALD: I will be very pleased to furnish you with anything I have.

[Sir William Petersen.]

By Sir Henry Drayton:

Q. This statement was made up last week?—A. Yes.

Q. You must have had the notes before you in making it up?—A. Mr. Donald got it from Toronto, he had it there. I left mine in England.

Q. Mr. Donald has the notes to produce, has he?

Mr. DONALD: I told you I would be very pleased to produce any notes I have.

Sir HENRY DRAYTON: Then I think we had better have the original notes.

The CHAIRMAN: Then, Mr. Donald, you will bring them along to-morrow.

The WITNESS: They are all pencil notes, mostly.

The CHAIRMAN: Our municipal code says notes may be made in either pencil or ink. What is the next point, Mr. Montgomery?

By Mr. Montgomery, K.C.:

Q. Now, Sir William, this estimate you have now given us for repairs, as I say, I understand it to be about £2,500 per annum. I would like to compare that with your evidence given on page 995 of the proceedings of this committee on Thursday. You will recall having put before you a figure of \$1,900 included by the companies in their voyage accounts?—A. Included by—?

Q. The companies in their voyage accounts?—A. Included by the companies?

Q. As an average figure over all the fleets, long voyages and short voyages?—A. I do not remember that statement, Mr. Montgomery. What is it?

Q. Do you recall your attention being invited by my learned friend to Exhibit 35, and your being asked to criticize the Gordon Scott accounts?—A. Yes. I had never seen that statement, Mr. Montgomery before, mind you, and I was asked to criticize it right on the spur of the moment, last week, last Thursday.

Q. Then you are not prepared to adhere to the criticisms which you then expressed?—A. I beg pardon.

Q. Are you or are you not prepared to-night to adhere to the criticisms you then expressed?—A. I shall, because I remember what I did express, because a few items, to my mind, were so absurdly in excess of my ideas that I would rather not emphasize them.

Q. Do you recall the figure of \$1,900 given for repairs for 1924, spread over all the voyages of all the ships, long and short, compared with the figure which you now say should be provided?—A. No, I do not remember that figure.

Q. Because you ridiculed that figure of \$1,900, when you were shown it in Exhibit 35.—A. \$1,900; let us see, how much is that?

The CHAIRMAN: Divide it by five, and you will get it roughly.

The WITNESS: It is about £400, is it not, in round figures? What is wrong with that? I did not quite get the question.

The CHAIRMAN: Mr. Montgomery, read to him what he said, and ask him if he adheres to it. At least, I suggest that.

The WITNESS: May I have Exhibit 35? I may have committed a sin.

The CHAIRMAN: Do not confess until you are sure you have.

The WITNESS: Mr. Montgomery, what is the figure you referred to?

By Mr. Montgomery, K.C.:

Q. I am referring to the 1924 figure of \$1,900 per voyage, under the item of repairs.—A. \$1,900, yes. That is per voyage, is it not?

Q. Per voyage, Sir William.—A. Yes, £400 per voyage. That would mean about eight voyages, I take it, would it not?

[Sir William Petersen.]

Q. I think the average taken was somewhat less than that.—A. Let us take about eight trips; that would be £3,200. What is the matter with my figures? These are £3,200 for the same number of trips.

Q. And do you suggest that £3,200 against your £2,500?—A. Yes, I suggest £2,500 over ten years, on an average.

Q. And you will bear in mind that these boats were going to all parts, on voyages outside of Canada. You just laid considerable stress on the provision for survey. Have you before you the evidence you gave, in answer first to Hon. Mr. Stevens, and then to Mr. Duff, on pages 995 and 996, that the repairs are almost nothing, that the provision for survey is practically nothing?—A. No. I do not think I said that, did I?

Mr. SYMINGTON, K.C.: No. "The first survey was very little—".

The WITNESS: I think that was—.

The CHAIRMAN: You said any repairs required by this survey—you were referring to survey number one—

"Any repairs required at that survey, as a rule, are light. That survey is generally a very light one, and costs very little, because the ship is practically a new one, being only four years old. It is really when you come to a number two survey—a ship getting on for eight years of age, or twelve years of age, where the very heavy repairs came in, and lots of those repairs are put under the category of 'Survey Repairs.' Now, if you take a period of say seven years,—you can only deal with that kind of a ship when it is six or seven years old."

That was his evidence.

By Mr. Montgomery, K.C.:

Q. Now, Sir William, on the item of contingencies—A. Is that right, what I said, and what I reiterate to-night? I do not want any controversy about it, but you said I was stating something different to-night to what I did on Thursday.

Q. That was my suggestion, Sir William?—A. But you are wrong, aren't you now?

Q. That is my suggestion?—A. But surely you are wrong, are you not? You might as well admit it.

Q. Decidedly not. According to your own figures you say that we show £3,200 against your £2,500.—A. Yes, quite. But what I did say was—.

Q. Will you compare that with the very extreme nature of your own evidence on page 995, which perhaps you have not before you, where you charge nothing at all for repairs and say it is not necessary?—A. No, I do not say that. Mr. Chairman just read out what I did say, and I said exactly the same then as I say now.

Q. Just a word on your item of contingencies, which I take it is a contingency of rates being fixed very low. Did you ever get at any rate basis?—A. Did I ever get—.

Q. At any rate basis?—A. Never; that was never mentioned.

Q. Because we saw you were discussing it with Mr. Preston, according to his letter, before you came out here.—A. Of course, it was a most serious matter, and that is why I would not have anything to do with rates. I wanted in the first place to get the government to take the chance, the risk of that. I think I explained the other day that my first scheme was to get the government to take £500,000 of ordinary shares, controlling the whole affair.

Q. You have heard the evidence in reference to grain rates?—A. Yes.

Q. How fluctuating they are?—A. Yes.

Q. How impossible to control?—A. I do not know anything about grain control. I do not pretend to know anything about that.

[Sir William Petersen.]

Q. You have heard the evidence that grain rates to-day in the average are practically no higher than they were before the war, taking into consideration the increased expenses?—A. It does not interest me one bit, and I do not think I was here when that was discussed.

Q. Then you would not figure on any very serious cut being made in grain rates?—A. No.

Q. You have heard, have you not, that grain makes up about 60 per cent of the cargo of the average boat?—A. So I am told.

Q. So that we have only 40 per cent of general cargo, or general cargo receipts to exercise any cutting power over at all?—A. I do not quite agree with that.

Q. Make it 50 per cent if you like.—A. I do not agree with that.

Q. What?—A. I do not agree with it.

Q. With what?—A. I do not quite understand.

The CHAIRMAN: I think he does not agree with your percentage.

By Mr. Montgomery, K.C.:

Q. Make it 50 per cent if you like.—A. I will not hazard that, but I will not agree on that.

Q. Give us a figure you will agree with.—A. I do not think I will deal with that just now. Does it matter?

Q. It does, for this purpose, that we have to find out what was anticipated in the way of rate cutting or even the possibilities of rate cutting, that you had to provide against in your contingencies.—A. Yes. That is your idea?

Q. That is it, Sir William.—A. I think that is very evident without going into arithmetic about it. I certainly do not agree with the 60 and 40 per cent.

Q. Take it 50-50, then?—A. I would rather say 60 and 40.

Q. Have it your own way and call it 60 and 40. So you only look forward to rates being cut on 60 per cent of the cargo at the outside?—A. Yes.

Q. So, even if the existing rates were cut into one-third of what they are, you would still break even, would you not?—A. Yes.

Q. Do you expect this Government or any other government would cut the existing rates down below one-third of what they are?—A. I would not expect this Government to do it; it would be insane, because it would kill its own policy, but what an incoming government might do—

Q. It would be quite evident that any such rate fixing would drive every boat not subsidized off the St. Lawrence?—A. Yes.

Q. Can you contemplate the possibility of any government taking any such action as that?

The CHAIRMAN: Not even a coalition government.

Mr. MONTGOMERY, K.C.: Not even a coalition government.

The WITNESS: I would not like to give an opinion on that.

By Mr. Montgomery, K.C.:

Q. Do you think that is a risk to be guarded against?—A. I dare not express any opinion on that point.

Q. But from your own statement, you were requiring the payment of £22,000 per annum against that contingency?—A. Yes, and a very, very, very narrow limit with the risk I am running on that contingency.

Q. On that question of your contract making a provision for operating expenses, can you help us at all with the discussion which called for that London letter, regarding which Mr. Preston gave evidence?—A. To what letter do you refer, Mr. Montgomery?

Q. It is a cable—I beg your pardon—not a letter. It was produced with the bundle of correspondence by Mr. Preston. It is dated March 1, and says:

[Sir William Petersen.]

"Please consider carefully my recommendation in London letter to make provision for operating expenses and the bill ratifying contract," and he explained to us that that referred to the necessity of some provision whereby rates should never be put below an amount equalling operating expenses?—A. Yes.

Q. So you had that in contemplation quite apart from the £275,000 subsidy?

Mr. SYMINGTON, K.C.: What is the date of the telegram?

Mr. MONTGOMERY, K.C.: March 1st.

Mr. SYMINGTON, K.C.: That is long before a subsidy was ever talked about.

Mr. MONTGOMERY, K.C.: That is 1925; he had his subsidy then.

By Mr. Montgomery, K.C.:

Q. Do you recall that, Sir William?—A. Yes, I do.

Q. So if you had your contingency provided against, it was a question then of a Bill providing that no rate should be fixed below an amount equalling the full operating cost?—A. Yes.

Q. By the way, can you help us at all with information about the cable address "Senate"?—A. Yes. "Senate" was my old cable address 35 years ago, or 30-odd years ago. I had a partner with me at one time by the name of Tate, and in making up our cable address we used the last three letters in each of our names. Mine was "S-E-N" and his "A-T-E."

Q. That worked very well. You must have had some sort of appreciation—A. —although we do not use that cable now, it has been registered in Kelly's, and other directories, and, I think, has been carried in many cases up to date. I can further explain, in case there is any question of the correspondence, that Mr. Low, to my surprise, addressed me as "Senate". Where he got that cable address, I do not know.

Hon. Mr. STEVENS: From the book here (indicating).

The WITNESS: It is evidently an old book, yes.

By the Chairman:

Q. I suppose you felt, although you just had your 69th birthday, there is no need to address you as "Senate" yet?—A. No and the funny part about it is that I do not feel like 69. I am glad you mentioned that.

Mr. MONTGOMERY, K.C.: It is only that Mr. Preston suggested that it was the address of the High Commissioner's office, when in reality it is your address, Sir William?

The WITNESS: Addressed care of "Senate". I never saw it. I never knew anything about it. All cables addressed to Mr. Preston were handed over to the High Commissioner's office, and "Senate" was used.

By Mr. Montgomery, K.C.:

Q. All I care about is that "Senate" was at least one of your cable addresses?—A. Yes.

Mr. MONTGOMERY, K.C.: That is all I care about. We have more important things to turn to.

Mr. FLINTOFT: I think it is not suggested that this was the last code in the Trade and Commerce office?

By Mr. Montgomery, K.C.:

Q. I suppose you have no copy of that London letter making provision that rates should never be put below operating expenses?—A. I have no copies of any letters.

Q. Now, it may be of assistance to the Committee to know what we really should figure on as expenses of operating your boats. You gave us £3,543 for the *Rio Dorado*, I think?—A. Yes, that is right.

Q. Which is a bulk cargo boat, and the amount would have to be increased somewhat to provide for general cargo?—A. Yes.

Q. And you gave us £5,180 for general cargo?—A. Yes, I think so—

Mr. SYMINGTON, K.C.: £5,800 it was.

The WITNESS: £5,800.

Mr. MONTGOMERY, K.C.: I am speaking from memory; I have no note of it.

By Mr. Montgomery, K.C.:

Q. Now, in regard to the voyages, in Hansard you told us that the expenses, even with the low figure which you already commented upon, were only £8,000, put in for standing charges,—

Mr. SYMINGTON, K.C.: There were no fixed charges in the £5,800; that was straight operating expenses.

Mr. MONTGOMERY, K.C.: If you take this out (indicating), it brings it down away below that.

The CHAIRMAN: Mr. Montgomery, I have been consulting some members of the Committee, and I suggest that perhaps we might compare these two statements.

Mr. MONTGOMERY, K.C.: All right; I will leave it at that.

Mr. SHAW: Which statements?

The CHAIRMAN: The statement he referred to the other day, and which I will now put in as an exhibit. It is the statement referred to in the evidence of Sir William Petersen under date of May 29, 1925, and will be numbered Exhibit No. 93.

EXHIBIT 93: Particulars of subsidy.

PARTICULARS OF SUBSIDY

Cost of Ships..	£1,500,000
Expenses of Organization and Working Capital..	300,000
Capital of the Company..	1,800,000
Financing	Yearly Charge
1st Debentures £750,000 at 6 per cent..	£ 45,000
Redemption at 4 per cent..	30,000
2nd Debentures £400,000 at 7 per cent..	28,000
Redemption at 4 per cent..	16,000
Preferred Shares £650,000 at 8 per cent..	52,000
Depreciation at 4 per cent on £1,500,000..	60,000
Cost of Ships, upkeep, repairs and contingencies..	44,000*
	<hr/> £275,000

*£4,400 per ship per annum.

Mr. MONTGOMERY, K.C.: It would be convenient, if it could be printed; it is so hard, picking it out from the evidence, otherwise.

The CHAIRMAN: I will have it printed.

Mr. SYMINGTON, K.C.: You will notice what the statement is.

By Mr. Montgomery, K.C.:

Q. Following that is a letter in Hansard, from Sir Henry Thornton; a letter to Mr. Low, from Sir Henry Thornton. Did he really understand what you were proposing to do, at the time he wrote that letter?

The CHAIRMAN: What is the question?

[Sir William Petersen.]

Mr. MONTGOMERY, K.C.: I am asking whether Sir Henry Thornton really understood about your boats, what you were going to do and so on?

By Mr. Symington, K.C.:

Q. Did you ever see the letter?—A. I never saw this letter.

Mr. MONTGOMERY, K.C.: I am not asking about the letter particularly.

The WITNESS: Sir Henry would know all about the boat; he sent experts up to Ottawa to get details from me; we compared notes.

By Mr. Montgomery, K.C.:

Q. I only wanted to know whether you went over the matter with Sir Henry Thornton?—A. No, not at all, except that Sir Henry—I did mention to him about the matter, and he would rather not discuss the matter. He sent his experts; he sent somebody from Montreal, in connection with the Merchant Marine.

Q. I have just a few more questions to ask you: On page 974 and 975 of your evidence, Sir William, you gave us rather a dressing down, for the luxury of our ships?—A. The luxury of your ships?

Q. Yes:—A. What ships do you refer to?

The CHAIRMAN: The Conference ships, that they have kindergartens and palm gardens and so on?

The WITNESS: Quite. I remember that.

The CHAIRMAN: Sir William remembers that now.

By Mr. Montgomery, K.C.:

Q. Now, you are contrasting those with the ships you yourself proposed, and were putting in?—A. I am comparing those to the ships I am going to adopt to work against them, is that your idea?

Q. The boat you mentioned—I do not refer to particular Conference boats—you mentioned particularly the *Aurania*, which was just launched in the service?—A. Yes, I remember it.

Q. Your suggestion was that they were charging the freight rates to pay for the operation of such boats, as the *Aurania*?—A. I do not know whether I used the same language, but you might infer that by my reply. What I did say was, that, if they did not get sufficient rates westbound, they could not carry anything eastbound, because the *Aurania* can only carry about 6,000 tons, although she is 14,000 tons register; it would be to their own interest to keep up the rates as high as possible, to make up for any deficit.

Q. You concluded your animadversions with these words "And so it is with these extravagant ships at enormous first cost, somebody has to pay the bill for the extravagance, and for these frills. Who has to pay? Why, of course, the Canadian shipper. There is no question about that. There is no sane man would deny that. And therefore, my ships, of course, I have designed and put up particularly for this contract." That is correct?—A. Yes, quite correct.

Q. Let us first see where we are drifting to: Is it your suggestion that the rates should be lowered to a point where it would be impossible for a boat like the *Aurania* to ply on the St. Lawrence? Is it your suggestion that it should be Canada's policy to make it impossible for a boat, such as the *Aurania*, to visit our ports, Quebec and Montreal?—A. No, certainly not, but not to charge the extravagant rates she is charging.

Q. If someone has to pay the cost of the luxuries, who is to pay it? The shipowner or the shipper?

The CHAIRMAN: The passenger who uses it, I think should pay.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. He is talking about freight rates.—A. I believe when I go across the Atlantic, I shall go on the *Aurania*.

Q. Is it your suggestion that the shippers of freight have been called upon to provide for the cost of such boats as the *Aurania*?—A. Yes.

Q. That is your suggestion?—A. It is the natural inference.

Q. That is, mixed passenger and cargo boats have to get cargo?—A. Yes, certainly.

Q. Is it your suggestion, in the first instance, that cargo rates should be put at a point, where it would not be possible for them to operate?—A. Are you speaking of intermediary ships, ships of the *Aurania* type?

Q. I am speaking of the ships you are speaking about, the liner ships, the same as cargo and passenger liners.—A. Yes, I think that is a sensible boat.

Q. So we can say "good night" to our mixed passenger and cargo liners, such as we have them?—A. No, I would not say that.

Q. Where did you get your idea from?—A. I do not think you or any of your clients will deny that some of these boats have become a drug on the market, since emigrant restrictions have come into force in the United States.

Q. Well now,—A. Allow me to finish my sentence: I think your clients will agree that these ships that you mention, have become a drug on the market; they had to throw them into the St. Lawrence trade to cut their losses.

Q. Are you suggesting that, as regards the *Aurania*, these luxuries which were put in, long after those boats—are you suggesting it as regards the *Athenia*, which came on this year? Are you suggesting it regarding the *Letitia*, that because they are a drug on the market they are put in the St. Lawrence trade?—A. No, I would say that the *Carmania*, another sister ship of the Cunard Company—boats of that type, would not have gone into the St. Lawrence trade unless that restriction Act had been passed in the United States, and I think the same applied to the *Aurania*. The *Aurania*, I think, was built for the United States trade.

Q. What about the *Letitia*, which came on this year?—A. I think the same applies.

Q. Your suggestion is that the *Letitia* was built for the American trade or the New York trade?—A. Or what?

Q. Is it your suggestion that the *Letitia* was not built for the St. Lawrence trade?—A. It is. None of these were built for the St. Lawrence trade. They were built for the United States trade.

Q. The *Letitia*, I will tell you, is an Anchor-Donaldson boat?—A. I never heard the name *Letitia*; she must be a brand new ship.

Q. She is?—A. I don't know what she is; I don't know any particulars of the ship. I am speaking only of the ships I know.

Q. I do not want to waste any time on this, but I would like to draw your attention to the fact that Exhibit No. 35, put forward by the shipping companies, related only to cargo boats?—A. What is that?

Q. It related only to cargo boats?—A. Only to cargo boats, yes.

Q. And that it was the suggestion of the shipping companies that the inclusion of these expensive passenger and cargo boats was misleading; do you remember that?—A. I do not quite follow you, Mr. Montgomery.

The CHAIRMAN: I do not really understand the question either, Mr. Montgomery, so Sir William and I are in the same ship.

By Mr. Montgomery, K.C.:

Q. Have you followed the evidence sufficiently to know that the evidence put up on behalf of the shipping companies included only cargo boats?—A. So it says.

[Sir William Petersen.]

Q. And does not include any of the so-called luxury boats you are criticizing?—A. I daresay.

Q. And their suggestion was that the rates were not sufficient, and that they should be fixed upon a basis which would allow those cargo boats to live?—A. I do not follow that.

Q. They say that the rates should be fixed upon a basis which would pay the operating expenses or the proper charges on the cargo boats?—A. On these cargo boats?

Q. Yes, on these cargo boats.—A. I do not believe it, that is all.

Q. I am not asking you what you believe or disbelieve.—A. Why are you asking me then? You are asking me my opinion.

Q. I am not asking you your opinion; I am asking you whether you recall that the rates and their sufficiency were put in issue as far as the shipping companies were concerned, and that they were on cargo boats only.—A. I remember that.

The CHAIRMAN: Whether he remembers it or not, what difference does it make, Mr. Montgomery?

Mr. MONTGOMERY, K.C.: Except that the suggestion is misleading, and that it is our objection that these boats should not be brought in at all.

Mr. SYMINGTON, K.C.: All the high-class cargo was brought in the other boats. These only represented about 30 per cent of the traffic, and it is not a proper computation.

By Mr. Montgomery, K.C.:

Q. You told us, Sir William, that you were operating lines at one time in competition with the Conference, that is, the Rotterdam-New York line I think; was it the Rotterdam-New York line?—A. Yes.

Q. Which you were operating in competition with the Conference lines?—A. In competition with the Conference lines.

Q. You cut the rates down to three pounds ten shillings, although they were spoken of as having been raised subsequently?—A. Yes.

Q. And you got so much business that you did not know what to do with it, and so on?—A. No. I never used that expression, Mr. Montgomery.

The CHAIRMAN: I think, Mr. Montgomery, he said he had a large amount of business.

Mr. MONTGOMERY, K.C.: No, Mr. Chairman, he had private hotels for them.

By the Chairman:

Q. Apparently you did know what to do with them, because you put them in hotels?—A. That was because I could not get the boats to carry them.

Mr. Montgomery, K.C.:

Q. I just wanted to see if that was a mistake, or if you did operate in competition with the Conference lines?—A. That is not correct, because I did for three years.

Q. To come back, is it your knowledge that one of the Conference lines did put on one of those intermediate boats?—A. Yes.

Q. The *Vedic*; did you ever hear of her?—A. No.

Q. My instructions are that one of the lines—I think the White Star—arranged for two boats, the *Vedic* and the *Rimouski*, what you call intermediate boats?—A. Yes.

Q. They tried the *Vedic*, and had to take her off because she could not pay?—A. I don't know that; I have never heard of it.

Mr. MONTGOMERY, K.C.: I have a number of questions to ask as to Sir William's criticism of our operating expenses as compared with the Rio Dorado. but I am afraid if I start to ask them at all I will overrun the limit.

[Sir William Petersen.]

The CHAIRMAN: Unless you feel that it is absolutely necessary in the interests of your clients, I would be glad if you would not do so.

Mr. MONTGOMERY, K.C.: So long as the Committee understands that you are not allowing us to ask these questions but that we are quite prepared to challenge the comparisons systematically made that our ships are at all comparable, or that the figures are correct. I am not anxious to burden the Committee with the details, so long as it is understood that we are not for one moment accepting them.

The CHAIRMAN: Even giving full credit to everything that is in Sir William Petersen's statement concerning the operation of the Rio Dorado. That is one voyage of one ship.

Mr. MONTGOMERY, K.C.: And a bulk cargo, which is already raised up 2000 pounds odd per voyage for the purposes of a general cargo.

The CHAIRMAN: I think you may depend upon it that the Committee will make a careful investigation. We have all these facts now, I think.

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman, I will leave that.

By Mr. Montgomery, K.C.:

Q. By the way, Sir William, you told us in your evidence about the Rio that she was due to arrive in Hamburg on Saturday?—A. No, on Monday at 5 o'clock I said.

Q. Saturday at 5 p.m., I think.

The CHAIRMAN: He was careful to say D.V. also.

By Mr. Montgomery, K.C.:

Q. D. V. has evidently intervened?—A. I don't think so.

The CHAIRMAN: He was careful to say that at the time, Mr. Montgomery.

The WITNESS: I am not particular, except that I would like to have it on the record, because the Press misunderstands these statements.

By the Chairman:

Q. Have you a statement to make in connection with your prophecy as to when the boat would arrive?—A. Mr. Montgomery said Saturday at 5 p.m., and I say Monday 5 p.m. It is evident to any shipping man present here that the ship left Wednesday morning, and it is 4,000 miles distant, that it is not an air craft, but as a matter of fact about 12 miles an hour, and I calculate, taking the longitude into consideration, that she would arrive this afternoon at 5 o'clock in Hamburg.

Hon. Mr. STEVENS: I am afraid you said Saturday, Sir William.

Mr. SYMINGTON, K.C.: Yes, Sir William said Saturday.

The WITNESS: I am very sorry, because it was absurd to say that.

By Mr. Montgomery, K.C.:

Q. You figured in your steaming days upon that?—A. No, Mr. Montgomery. It is evidently stupid, and a mistake, because the distance is over 4000 miles to Hamburg, and she could not do it in less than twelve and a half days I reckon.

Q. You have not heard of her arrival yet?—A. I have been in this room now—

The CHAIRMAN: If he said Saturday he made a mistake, and meant Monday.

The WITNESS: That is right, but I will telephone your room later on, Mr. Montgomery.

The CHAIRMAN: The next point, Mr. Montgomery.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. Have you before you your present contract, Sir William?—A. Yes, I have it here.

Q. I suppose you followed the drafting of this contract with more or less care?—A. Yes, very carefully.

Q. Can you tell us where it was taken from, what contract was used as a basis for its preparation?—A. No. I would leave that with my lawyers.

Q. You say you left it to your lawyers?—A. You must ask my lawyers about that, Mr. Montgomery.

Q. Do you mean our good friend Mr. Donald?—A. No, Mr. Donald and Mr. Lafleur.

Q. I just wanted to test that out, Sir William. You are no doubt or should be familiar with the old Petersen-Tate contract?—A. Yes.

Q. In case you should wish to refer to it, I place this book before you.—A. Do you want me to read it?

Q. No, unless I wish to refer to it myself, when I wish to give you the opportunity to follow it. I have a copy of that if anyone wants it.

Mr. SYMINGTON, K.C.: Yes. I would like one.

By Mr. Montgomery, K.C.:

Q. My suggestion is, Sir William, that whoever drafted that contract had before him your Petersen-Tate contract of 1897.—A. That is quite probable. I do not know. Of course the 1897 contract you would find in *Hansard*, would you not?

The CHAIRMAN: Yes, it is here. That is what Mr. Montgomery has placed before you, in case you want to refer to it.

The WITNESS: Well, I never read *Hansard* except in a Committee like this.

Hon. Mr. STEVENS: Except under compulsion.

By Mr. Montgomery, K.C.:

Q. You are familiar with your own contract. Take your own contract, the present one, beginning with paragraph 1.

The CHAIRMAN: Mr. Montgomery, may I ask just what the object of this question is? The comparison of the Petersen-Tate contract with the present one. *Carpe diem* would apply perhaps.

Mr. SYMINGTON, K.C.: Mr. Donald tells me he took clause 1 from the Petersen-Tate contract.

Mr. MONTGOMERY, K.C.: He had better look at one or two more then.

The CHAIRMAN: What is the difference?

Sir HENRY DRAYTON: I have gone over both of them. I think probably Mr. Donald had the Petersen-Tate contract before him.

The CHAIRMAN: Supposing he had; is there any point in it? If there is any point, I am not going to cut short the examination.

Mr. DONALD: I am quite prepared to state, Mr. Chairman, that I had that contract in front of me when I drafted this.

Mr. MONTGOMERY, K.C.: I compliment my friend Mr. Donald on his drafting, but my suggestion is that he used the Petersen-Tate contract in so far as the clauses were favourable to Sir William, and he cut them short wherever they would have favoured the Government and they disappear.

The WITNESS: Hear, hear.

Mr. SYMINGTON, K.C.: Better tackle Mr. Lafleur about that.

Mr. MONTGOMERY, K.C.: No, Mr. Lafleur had nothing to do with that.

[Sir William Petersen.]

Sir EUGENE Fiset: He is a very clever fellow.

Mr. MONTGOMERY, K.C.: We will all admit that; but Mr. Lafleur never saw the Petersen-Tate contract, which had been amputated.

Mr. SHAW: Mr. Lafleur was acting for the Government.

Mr. MONTGOMERY, K.C.: The document submitted to Mr. Lafleur was the draft contract; just the draft contract, for which Mr. Donald used as a foundation the Petersen-Tate contract.

The CHAIRMAN: Mr. Donald has so stated, that he used it.

Mr. SYMINGTON, K.C.: It is not actionable is it?

Mr. MONTGOMERY, K.C.: No, it is not actionable at all, but the point I am about to make is that they will see the clauses and that none of the protective clauses in the Petersen-Tate contract appear in this contract, but the favourable clauses are extracted from the Petersen-Tate contract.

Mr. SYMINGTON, K.C.: That is a matter of comparison which we can make.

The CHAIRMAN: We can compare the two contracts.

Mr. SYMINGTON, K.C.: I think there is one very favourable that is left out.

Mr. MONTGOMERY, K.C.: Well, Mr. Donald did a good job when he did this one.

By the Chairman:

Q. As a matter of fact, Sir William, was the Petersen-Tate contract ever brought into effect, was it ever operated under?—A. No, Mr. Chairman, it was not.

Mr. MONTGOMERY, K.C.: A deposit of £20,000 was made under it, but it fell through because they could not finance it.

By Sir Eugene Fiset:

Q. Then it was acted upon?—A. Yes, to that extent it was acted upon. I made the deposit of £20,000.

By the Chairman:

Q. But the ships never ran under this contract, that is the point?—A. No.

Mr. SHAW: Did this early contract provide for the control of rates in any shape or form?

Mr. MONTGOMERY, K.C.: I will come to that in a moment.

Mr. SYMINGTON, K.C.: No, it did not.

Hon. Mr. STEVENS: Mr. Montgomery, have you got marked in the Petersen-Tate contract, the protecting clauses which are left out of the present Petersen-Low contract?

Mr. MONTGOMERY, K.C.: Instead of putting them by questions to Sir William, I can point them out.

Hon. Mr. STEVENS: I would suggest that Mr. Montgomery read these clauses to which he desires to draw attention, into the record, and we will accept it under that and save the questions.

The CHAIRMAN: I agree with you, Mr. Stevens. Mr. Montgomery, you have heard Mr. Stevens' suggestion: I think it is a good one. Instead of questioning the witness you might indicate what protective clauses appear in the Petersen-Tate contract which in your view do not appear in the present contract under consideration.

Mr. MONTGOMERY, K.C.: Well, you can follow it yourself, if you have the present contract. I will read the Petersen-Tate.

Hon. Mr. STEVENS: Just read it into the record and then we will have it.

[Sir William Petersen.]

Mr. SYMINGTON, K.C.: That would require an analysis of the contract I would suggest.

Mr. MONTGOMERY, K.C.: The Petersen contract reads, "Hereby covenant" and so on, the preambles are about the same. One, that they, the contractors, shall and will either personally or by a company—it is verbatim the same as the Petersen contract—" (A) build, equip, provide, establish, and during this contract continue in the manner hereinafter mentioned, a regular steamship service between the ports of Liverpool and the Canadian ports." Then it went on to describe in great particularity what the boats should be and what they should do, which is not given here.

The CHAIRMAN: When you say "not given here" will you particularize.

Mr. SYMINGTON, K.C.: It is in the schedule.

Mr. MONTGOMERY, K.C.: Other than that very general reference in the schedule, which is approximately that.

Mr. SYMINGTON, K.C.: The schedule is very definite. Where is your word "approximate" in it?

The CHAIRMAN: Anyway your point is that in the Petersen contract certain things are set forth in full which are referred to merely approximately in schedule A, that is your submission?

Mr. MONTGOMERY, K.C.: That is just the one paragraph. I will go on further.

Mr. SYMINGTON, K.C.: If my friend is going to make a comparison of the contract of course it must be of the whole contract.

The CHAIRMAN: Absolutely.

Mr. SYMINGTON, K.C.: There is not "approximate" in the schedule at all; except once it appears "approximate only." It is very detailed, I would say.

Sir EUGENE Fiset: Don't you think it is sufficient for us for Mr. Montgomery to call our attention that this contract existed, and then I think it would be easy to study it afterwards?

Mr. MONTGOMERY, K.C.: I am content to leave it at that Sir Eugene.

Mr. RINFRET: I don't see any point in that.

The CHAIRMAN: Mr. Stevens, would you have any objection if I reversed my ruling?

Hon. Mr. STEVENS: Not a bit.

The CHAIRMAN: All right.

Mr. SHAW: What I would like to suggest is that Mr. Montgomery should say this: tell what provisions in the Petersen contract of 1897 should have been incorporated in the Petersen contract of 1925. If he will just indicate the number so that we can compare them?

Mr. RINFRET: That does not appeal to me either. Mr. Montgomery is not wanting any contract at all; why should he tell us that some provisions were in the former contract and should be in this one. He does not want any contract. Why should we go to him to find that out?

Mr. SHAW: I will withdraw that suggestion. Perhaps Mr. Symington, the counsel for this committee, will give us the information.

Mr. SYMINGTON, K.C.: I have never read it, Mr. Shaw.

The CHAIRMAN: I think perhaps we might go on to another point. We will make comparison of these two contracts.

Mr. MONTGOMERY, K.C.: In a general way, without taking up the time of the committee upon it, or bothering with small particulars—and there are many of them—the Petersen-Tate contract contained very elaborate provisions as to

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the speed of the vessels, and a great many other things—the number of voyages, for instance, and it provided for reductions if a voyage should not be made and so on, and it provided for guarantees which were to be put up, which are entirely absent here. Some of the things which Sir William has now said he would have no objection to inserting or having provision put in for are in the Petersen-Tate contract, and have been left out of the present contract.

Sir EUGENE Fiset: So in fairness, would you be satisfied if we embodied the Petersen contract of 1897 in this contract?

Mr. MONTGOMERY, K.C.: You could not satisfy me, Sir Eugene, with any contract.

Mr. RINFRET: That is the point.

Mr. MONTGOMERY, K.C.: Honestly I do not want to press upon this committee evidence of that kind if you do not want it, but it is my duty to draw attention to the fact that this contract here has been built up in that manner, or cut down in that manner, and only contains such clauses from the sources available—

Sir EUGENE Fiset: It was only used as a drafting basis.

Mr. MONTGOMERY, K.C.: As a drafting basis, but the parts favourable were used and the parts unfavourable were not used.

Mr. DONALD: Mr. Chairman, I do not think that is a fair statement at all.

The CHAIRMAN: We will take it to go this far. Mr. Montgomery draws our attention to the similarities and also to the dissimilarities in the two contracts. We will go along to the next point, then.

Mr. MONTGOMERY, K.C.: I have just one more point to draw your attention to.

By Mr. Montgomery, K.C.:

Q. There is one clause in that contract, Sir William, which is not taken from the Petersen-Tate contract. I am not suggesting that it is the only one, but it is the only one which I can find which has been copied literally from any other place, and which is not to be found in the Petersen-Tate contract, and that clause is— A. What is the clause, Mr. Montgomery?

The CHAIRMAN: This is the only question you have on this point?

Mr. MONTGOMERY, K.C.: Yes, and I will ask a general one after that, to draw your attention to the source, and I will not press it any further.

The CHAIRMAN: Very well, go ahead.

By Mr. Montgomery, K.C.:

Q. That is clause seven, not a very important one, but I suggest—

The CHAIRMAN:

“The contractor shall not convey or permit to be conveyed in any steamer while employed in this service, any nitro-glycerine or any other articles which in the opinion of the Minister shall be considered dangerous.”

Is that it?

Mr. MONTGOMERY, K.C.: Yes. That is taken literally from a book to which I draw your attention, issued annually by the Department of Trade and Commerce, “Report relating to Mail Subsidies and Steamship Subventions.” It is a blue book, in which the same clause appears, under the heading, “Some clauses common to all contracts.” The makeup of the book is a sort of synopsis of the various subsidy contracts, and they are followed by the clauses which are common to all contracts, and you will find in the Petersen-Tate contract a great many of them, and in this later contract the clause relating to

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nitro-glycerine is found literally. That is where it has been taken from, because the words are textually the same.

Mr. SYMINGTON, K.C.: I think it is the same in all contracts.

The CHAIRMAN: What difference does it make, gentlemen?

By Mr. Montgomery, K.C.:

Q. My suggestion was that as the nitro-glycerine clause is not likely to ever bear a very important part in the thing—it is not for that I am drawing attention to it, but to draw attention to the fact that the drafter of this contract had before him the general clauses common to all contracts, and to suggest that there are many there which might perhaps profitably have your attention, to compare with the general clauses which are common to every other subsidy contract, but which for some reason; which perhaps Sir William Petersen can or cannot answer, were left out of this particular contract.—A. I think this clause must have been introduced since Bolshevism came into existence.

Mr. SYMINGTON, K.C.: When we redraft the contract we will be very much obliged for my learned friend's suggestion.

By Mr. Montgomery, K.C.:

Q. As an example, Sir William, if you follow the drafting of this contract carefully, you will note that in answer the other night, you told my learned friend that you have no objection to amending one of the clauses, clause C, where it says, “—of approximately the same tonnage.” You offered to add the words, “—and speed,” I think.—A. Yes.

Q. That same expression occurs, does it not, in paragraph five, in connection with the substituting of boats in the case of one of them being disabled?—A. Yes.

Q. In both the Petersen-Tate contract and in clauses which are to be found in every other subsidy contract, the words used are:

“Another of equal class, speed, equipment, character and capacity, to the satisfaction and approval of the Minister.”

Can you tell me of any reason why the clause was cut down merely to “approximate tonnage”?—A. No.

Q. These clauses all contain—beyond inviting the attention of the committee to a comparison of these common clauses, I am not going through them all, all those which are absent from this particular contract—these subsidy contracts are all figured on a rate per voyage, are they not, as far as you are familiar with them?—A. I do not know.

Q. With provisions for reductions in case a voyage shall not be made?—A. I have not gone into that, Mr. Montgomery.

Q. What was to happen, Sir William, or what do you expect to happen if you do not make eighty voyages per annum, supposing you are put on the United Kingdom trade?—A. I do not know what is to happen; that all depends on the government.

Q. Do you get your full subsidy just the same?—A. It all depends on the government. The government, of course, can order the boats where they like; keep them in any port as long as they like. I have absolutely no control, so how do I know? They may keep a boat in harbour; they might tell me to call at half a dozen ports, and keep the ship a fortnight there; how can I calculate any regular voyage?

Q. So when you said the other day to the suggestion of the Chairman that if you were put on the St. Lawrence-United Kingdom trade in the summer, and the St. John or Halifax-United Kingdom trade in winter, your estimate was eighty voyages, you were giving no guarantee in that respect, in regard to that trade?—A. Certainly not; how could I?

[Sir William Petersen.]

Q. And if you only make 70 voyages in the place of 80, is it your suggestion that the subsidy run to the same amount?—A. Certainly.

Q. Or 60?—A. The ships will be absolutely able to prosecute their voyages at the same speeds and in the same times, but I am in the hands of the government; I cannot tell where they will send the boats, I cannot tell how long they will keep them in the various ports. They may send them to Spitzbergen, or some place like that.

Q. Just to simplify the matter, at the suggestion of the Chairman we took as a basis the Canada-United Kingdom trade.—A. Is that not what I have answered you already? Canada-United Kingdom trade. I am running that trade, or have contracted, to run that trade as speedily and as efficiently as I can, and as my ships were meant to, under the control of the government. Beyond that, surely I have not anything further to say?

Q. So as you understand it, there is no fixed obligation on your part to run 80 voyages, if you are put on that trade?—A. There is obligation on my part to do it as speedily as possible, but always under the control of the government.

Q. But supposing you find, for instance, that you can only run 70 voyages on that route?—A. Then it will be the government's own fault.

Q. So that there is no way in which we can figure out how this subsidy is to be divided or how many voyages we are to get for our subsidy?—A. Not unless you like to sit down with me and I will make some calculations for you, but it can only be an estimate, because there is always a factor to be taken into consideration, and that is government control.

Q. Now, can you help us this much—A. That is where X comes in—the unknown quantity.

Q. Can you help us this much: supposing the Canada-United Kingdom trades were taken as a basis, paying you a fixed subsidy of £27,500 per annum, we would expect to get a certain number of voyages for that amount?—A. Certainly. I think you would get more than eight, too.

Q. You will agree that we could expect to get a certain number of voyages—whatever that number might be?—A. Certainly.

Q. And you are aware that every subsidy contract has in it a provision for a reduction in case that number of voyages is not made? You will agree with that?—A. Certainly I will not; I will not agree to that—not if the Government controls the ships.

Mr. SYMINGTON, K.C.: How can he guarantee any number?

The WITNESS: How can I guarantee any number of voyages?

By Mr. Symington, K.C.:

Q. Take the Canadian trade to the United Kingdom.—A. The United Kingdom or the Continent—any place you like. It would be ludicrous to attempt to stipulate voyages. I will prosecute the voyages as quickly as possible, and obey the orders of the Government as to where to go with the ships.

Hon. Mr. STEVENS: Who is the judge as to the expeditious manner in which the ships are to operate?

The WITNESS: The Government. You will soon find out by looking at the log-books whether the ships are being detained, and if there is any undue detention in any port, it would soon be accounted for. I take it each voyage would have a time sheet, stipulating the time occupied by loading and discharging, and the run across each way. It is very simple, but if other people direct my ships, and I am bound to accept their direction, I have no further control, and it would be absurd to ask me to stipulate a number of voyages. I am sure you will agree to that.

[Sir William Petersen.]

By Mr. Montgomery, K.C.:

Q. So we cannot get at any common basis of voyages, such as the Canadian-United Kingdom?—A. Not to be guaranteed, unless I get the Government to agree to send me to only one port, and leave it to me to get out as quickly as possible, or anything like that, but not under government control.

Q. The suggestion is made, Sir William, that most subsidy contracts have a clause by which the Minister is the judge as to whether you have complied with the terms of the contract as regards speed and despatch?—A. I have not seen many of them; I cannot go into that.

Q. There is no provision of that kind here?—A. I do not know to which contract you are referring, Mr. Montgomery.

Q. Both the Petersen-Tate and the General Subsidy ones.

The CHAIRMAN: The General Subsidy clauses, the general clauses found in subsidy contracts.

The WITNESS: Is that not fully stipulated in the contract—how I am to carry out the voyages?

The CHAIRMAN: Mr. Montgomery, as the judges of the Supreme Court would say, we will read the factums and will make comparison.

Mr. MONTGOMERY, K.C.: Honestly, I am not particularly interested in that—

The CHAIRMAN: I do not think we should spend any more time on that—

Mr. MONTGOMERY, K.C.: But the things are so glaring—

Mr. SYMINGTON, K.C.: I do not think they are glaring at all.

The CHAIRMAN: Well, if they are so glaring, we will see them for ourselves.

Mr. MONTGOMERY, K.C.: I am not interested in that, but I thought possibly we could get a memorandum for the members of the Committee.

The CHAIRMAN: Have you any further questions? Has any member of the Committee any questions to ask Sir William?

Sir HENRY DRAYTON: It might be the shortest way to have each Counsel file a memorandum.

The CHAIRMAN: That is a good idea; a short memorandum upon the differences between the Tate-Petersen contract and this contract.

Mr. SYMINGTON, K.C.: But not to be a legal opinion as to the meaning of this contract.

The WITNESS: They are two distinct classes of ships.

Sir HENRY DRAYTON: Let Mr. Montgomery put in his memorandum, submit a copy of it to Mr. Symington, and then let Mr. Symington file his reply.

The CHAIRMAN: Are there any further questions, Mr. Montgomery, because the ship sails to-morrow night, full or not full.

Sir HENRY DRAYTON: Is this a tramp or a liner?

Mr. MONTGOMERY, K.C.: All right, Mr. Chairman, I will apply the closure.

By Sir Henry Drayton:

Q. Sir William, what were the number of corrugated boats you had running in 1924?—A. Of my own company?

Q. Yes?—A. Three.

Q. Then, Sir William, how many other boats did you have besides those three, which were running?—A. One—four altogether.

Q. Three corrugated and one non-corrugated?—A. No, all corrugated.

[Sir William Petersen.]

Q. In 1924?—A. Only three in 1924. The fourth boat running in 1924 only came out in September and did not come into the fiscal year which ends on the 31st of July.

Q. Then we have, for 1924, three corrugated boats?—A. Yes in the Balance Sheet; this year we will have four.

Q. I notice in your evidence you give the date of debentures in two different ways; in one place you say 10 years, and in another place, 20 years; which is correct?—A. 20 years.

Q. 20-year debentures?—A. Yes.

Q. When you came over here after seeing Mr. Low in October—whom did you see when you came here?—A. I saw Mr. Low.

Q. Who else?—A. Well, let us see; Mr. Low met me, and, of course, I saw Mr. Preston.

Q. Yes, and who else?—A. I did not see anybody the first day. The following day I was introduced to Mr. Robb, Mr. Graham, and another Cabinet Minister—I forget who it was.

Q. Who else?—A. Well, then I saw the whole Cabinet—in the course of a day or two.

Q. And who else?—A. Well—

Q. I mean in connection with this work, Sir William—in connection with your proposition?—A. Well, I saw my lawyer, Mr. Donald. He had come down from Toronto. Those are all I can think of, in connection with this business.

Q. Now, we have already found that Mr. Low could not see that memorandum on which the basis is figured, because it was not drawn up until last week. What figures did you give Mr. Low in connection with the subsidy?—A. This memorandum you saw here, Sir Henry, is merely a copy of the figures drawn for Mr. Low in the course of negotiations of last year, but negotiations were drawn out to some considerable extent because the bases on which I first asked for the contract were quite different—

Q. I understand that. A. —than the ultimate figures, and, therefore, the figures on which this memorandum is based, of which I handed you a copy, were somewhat late in the course of our negotiations, and they were sketched by Mr. Donald, my lawyer, and myself. They were simply pencilled figures. However, the bases of the negotiations had been changed half-a-dozen times.

Sir HENRY DRAYTON: Mr. Donald, will you let us have the figures, from which these statements were made up in the hotel last week? Have you got the papers here?

Mr. DONALD: No, I have not.

Sir HENRY DRAYTON: I think we should have these, Mr. Chairman.

The CHAIRMAN: I think Mr. Donald understood.

Mr. DONALD: I would be glad to furnish anything that I have.

The CHAIRMAN: I asked you to bring them up to-morrow morning.

Hon. Mr. STEVENS: Sir Henry is asking for the figures on which the specific statement was based.

Mr. DONALD: They are only based on a lot of rough calculations.

The WITNESS: I might tell you, if that will interest you, that some of the figures I had, in England, still in existence, made out in pencil, were written on the back of a bill-of-fare of the Chateau Laurier.

The CHAIRMAN: Sir William tells us that the figures he has were written on the back of a bill-of-fare of the Chateau Laurier.

By Sir Henry Drayton:

Q. Can you tell us what figures were submitted to Mr. Low? Sir William, can you say what was submitted to Mr. Low? Can we see what details were

[Sir William Petersen.]

submitted to Mr. Low?—A. Yes. The figures stated in the memorandum were submitted to Mr. Low.

Q. Altogether in the form of a statement, or were little pencil scraps from time to time, submitted?—A. We did not submit the scraps to Mr. Low, from the pencil scrap. We submitted the figures, I think, in ink. I do not remember.

Q. Can you say whether this is the first time that settlement is made up or not, whether they are the slips for them, which you have, or whether they were discussed as individual slips, or whether there was a statement made up, showing why the Government should pay this money?—A. Yes.

Q. When was that done?—A. That was done perhaps a week before the contract came into existence.

Q. Where was that?—A. Well, submitted to the Government, to Mr. Low, at his office, but the figures were made up at the Chateau Laurier.

By Mr. Black (Halifax):

Q. That was when you were out here last year?

By Sir Henry Drayton:

Q. You gave to Mr. Low a statement similar to what you produce now, according to your evidence?—A. Yes.

Q. About a week before the contract was signed?—A. Ten days, something like that, before the contract was signed.

Q. Did you show them to any other member of the Cabinet, except Mr. Low?—A. I do not think I can say that. All the negotiations went through Mr. Low, the Minister of Trade and Commerce.

Q. You cannot say you showed them to anybody else but Mr. Low?—A. No.

Q. Through him the negotiations were had?—A. Yes.

Q. Where did you sign the contract?—A. Where did I sign it?

Q. Yes.—A. In the Council chambers, in the Minister's private room; the room adjoining the Council chamber.

Q. The room adjoining the Council chamber here, in Ottawa?—A. Yes.

Q. And at that time were you in Council? Did you go to Council? Were you attending Council at that time?—A. No, not at that time.

Q. Did you go into the details with any of the other Ministers at that time? Did you have any arguments with any individual as to why the subsidy should be what it is?—A. No, I do not think so.

Q. Not with any of them? The only man that you showed these to was Mr. Low?—A. Yes.

Q. What did Mr. Low say when you gave him the figures? How did you get him worked up to this sum?—A. It was not a question of getting him worked up.

Q. Perhaps you had to work him down. You may have had to work him down. I am not suggesting that you worked him up any more than you worked him down. How did you manage to get at it?—A. My figures were much bigger than that to begin with, but he worked it down.

Q. Oh! yes?—A. Yes.

Q. What were the figures submitted first?—A. I do not know. Something like over £300,000.

Q. How much over?—A. I do not remember really; something like that.

Q. What estimate did he strike out?—A. He just struck out an amount, which made it £275,000.

Q. He did not do that in a blanket way, I suppose? He struck off some of the items, did he not?—A. You know, Sir Henry, this was a matter of strenuous and long discussion. You have no idea what it meant, in those days, to negotiate with 19 cabinet ministers.

Q. You told me a moment ago that your negotiations were all with Mr. Low. Would you like to amend that and say that it was with all of them? You had these arguments with all of them?—A. Through Mr. Low.

Q. We had better leave it as it was?—A. Yes, I think so.

Q. So all the struggles were just with Mr. Low? I suppose you think you played out before leaving him, and you came down from £300,000 odd to £275,000?—A. Well, you know, it was a very tight squeeze.

Q. Will you tell us now what he struck off?—A. No, I cannot tell that.

Q. Could you tell me what— —A. I can tell you one thing, Sir Henry, that I was just on the point of leaving for old London. I was so tired out at the time, that I could not go on with it any longer. If I had not concluded the bargain at that time, I would have been out by the next train to leave Ottawa.

Q. Can you tell us now what was struck off, because I think, you have it pretty well covered now?—A. Do you think it is too much?

Q. Oh; I do.—A. You do?

Q. Oh; I do.—A. Well, I am sorry for that.

Q. What item was struck off? What was it for? You see, we have all your calculations, and of course, we do not have to take further calculations for the same thing. You know that something must have been struck off?—A. You must not forget, Sir Henry. when you deal with a Government and that government want to have full control of your property and your body and soul, you say to that government "I want some assurance" that you are not left in the cold.

Q. Now, Sir William, you are not putting a valuation on your soul here. Now, what was it.

Hon. Mr. STEVENS: He probably would ask him what he struck off.

Sir HENRY DRAYTON: Well, I think, we will have to add these original figures, before we go on with this.

The CHAIRMAN: If there is no other—

Mr. SHAW: I would like to ask a question, Mr. Chairman. Do I understand, Sir William, that your object was either one of two things, either to secure a guarantee from the Government that they would provide you with a full cargo eastbound, or in default of that, that you wanted the subsidy to cover your fixed charges. Is that exactly the situation?—A. That is quite right, Mr. Shaw.

Q. What percentage of cargo do you want guaranteed eastbound?—A. Well, I just want to be guaranteed a sufficient amount to pay all fixed charges, running expenses, and to allow for a reasonable profit to a shipowner.

Q. According to this amended plan of yours, who is going to determine whether these reasonable allowances have been earned?—A. Well, that is a question of accountancy, is it not?

Q. Quit right. A. And it should be a very simple matter to make up voyage accounts and have them audited and presented to the government.

Q. Do I understand that under your amended scheme you are prepared to allow the government to be the judge as to the earnings and the fair amount to which you would be entitled?—A. Mr. Shaw, I have no amended scheme, but it arose the other day from the evidence given by Mr. Middleton, Furness-Withy's man, who was asked—I have stated that a ship of 6500 tons should earn, at least £10,000, to pay for fixed charges.

Q. Per round trip?—A. Per round trip, and leave a reasonable profit to the owners. I think that was his statement, and upon that Mr. Montgomery asked me what I thought of it, so I said I would be very glad to take that if the Government would guarantee it, and I would want no subsidy.

[Sir William Petersen.]

By Mr. Shaw:

Q. Then I misunderstood your answer?—A. I think I answered that to Mr. Montgomery.

Q. According to your evidence, you did make some offer for the Canadian Government Mercantile Marine?—A. Yes.

Q. What did you propose to do with the vessels?—A. In the first place, I explained the other day, Mr. Shaw, that I have an interest in a wharf on the Thames, in England, and long before I came into touch with the Canadian Government here I had a scheme, which I still have in mind, of starting negotiations to trade with Russia, with the Soviet Government, and my intention was to run ships to the Baltic from the Thames, ships of from 2,000, 3,000 to 4,000 tons, and as the Canadian Government Merchant Marine possesses a number of those ships, I thought I could utilize those ships if I could get them at a reasonable figure for that trade.

Q. Where is the wharf on the Thames you speak of?—A. It is just opposite the Tilbury docks, if that will convey anything to you. It is a deep-water wharf.

Q. There is one other question I would like to ask you with regard to the provisions of section 1. You undertake to provide either by yourself or a company a service?—A. Yes.

Q. Suppose this contract goes through, have you any intention yourself to guarantee personally the performance of the contract?—A. That would only carry out the spirit and the letter. My intention from the beginning was, not to quit the company. I am going to stand by that company.

Q. Then I understand your position to be that you are prepared to guarantee personally the performance of that contract?—A. Yes, and what is more, I will guarantee the performance of the contract, and my heirs and executors if I disappear in the meantime.

Q. Do I understand from you, Sir William, that relying on this contract you have made certain alterations in the boats which are now under construction?—A. Yes.

Q. If the contract does not go through, you do not propose, I take it, to hold the Government responsible for those changes?—A. Certainly not. The Government is absolutely responsible for nothing. All the preliminary expenses in connection with this have come from myself, and the liability taken by myself.

By Sir Henry Drayton:

Q. I think you are entitled to something for appearing here?—A. They tell me I am entitled to five dollars a day, I don't know whether I shall claim it or not.

Mr. FLINTOFF: Before you commit yourself, Sir William, let us confer about it.

The CHAIRMAN: Any more questions? Sir Henry are you through with the witness for tonight?

Sir HENRY DRAYTON: Yes, I think so.

The CHAIRMAN: It is now 11 o'clock. The witness has been on the stand for two and a half hours. I think possibly this is a good hour to adjourn.

Sir EUGENE Fiset: May be somebody wants to ask him some more questions. You had better not discharge him.

The CHAIRMAN: Sir Henry Drayton wants to ask him some questions on some documents. I would like to discharge him if I could.

The WITNESS: Mr. Donald cannot produce his papers until he goes to Toronto.

The CHAIRMAN: Well, he will produce what he can tomorrow morning. This Committee stands adjourned until 11 o'clock tomorrow morning.

The witness retired.

The Committee adjourned.

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 26—Tuesday, June 2, 1925

COUNSEL

Mr. H. J. Symington, K.C., appointed to assist the Committee
Messrs. George H. Montgomery, K.C., E.P. Flintoft, C. Russell McKenzie,
for the steamship companies
Mr. H. H. Donald, for Sir William Petersen

EVIDENCE

Mr. H. H. Donald, Barrister and Solicitor, Counsel for Sir William Petersen, Toronto, Ont.
Mr. W. T. Marlow, Foreign Freight Manager, Canadian Pacific Railways, Montreal, Que.
Mr. Walter C. Wolfe, Superintending Engineer, Canadian Pacific Steamships, Montreal, Que.
Captain David Isles, Superintendent Stevedore, Montreal, Que.
Mr. Alexander Johnston, Deputy Minister, Marine and Fisheries, Ottawa, Ont.
Mr. Charles Duguid, Naval Architect, Department of Marine and Fisheries, Ottawa, Ont.
Hon. Thomas A. Low, Minister of Trade and Commerce, Ottawa, Ont.

EXHIBITS

No. 94—Memoranda used in preparation of Petersen Contract. Filed by Mr. H. H. Donald. (Not printed).

No. 95—Memoranda used in drafting of Petersen Contract. Filed by Mr. H. H. Donald. (Not printed).

No. 96—Correspondence between Mr. S. R. Brown of the C.M.A. and Mr. J. A. Morice, Foreign Freight Agent, C.P.R., Toronto. (Printed as appendix to Proceedings No. 27). Filed by Mr. W. T. Marlow.

No. 97—Ocean freight rates of various commodities. Filed by Mr. W. T. Marlow. (Printed as appendix to Proceedings No. 27).

No. 98—Carload Commodity rates from U.K. Ports to Winnipeg. Filed by Mr. H. T. Symington, K.C. (Printed as appendix to Proceedings No. 27).

No. 99—Ship's Register of S.S. *Rio Dorado*. Filed by Mr. C. Russell McKenzie. (Not printed).

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 277,

TUESDAY, June 2, 1925.

The Committee met at 11.00 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

Mr. H. H. Donald, Barrister and Solicitor, Toronto, Ont., Counsel for Sir William Petersen, was called, gave evidence and retired.

During the course of his examination Mr. Donald filed Exhibit No. 94, "Memoranda used in preparation of Petersen contract" which is not printed; No. 95, "Memoranda used in drafting the Petersen contract", which is not printed.

Mr. W. T. Marlow, Foreign Freight Traffic Manager, C.P.R., Montreal, who was again in attendance, was further examined and retired.

During the course of his examination Mr. Marlow filed Exhibit No. 96, Correspondence between Mr. S. R. Brown of the Canadian Manufacturers' Association and the Foreign Freight Agent of the Canadian Pacific Railway at Toronto, dated Dec. 30, 1924, and Jan. 13, 1925; which was read into evidence in part. Exhibit No. 97, Statement showing ocean freight rates of various commodities Canadian ports to United Kingdom ports in rebuttal of similar statement (Exhibit No. 80) with telegraphic correspondence regarding same between C.P.R. and C.M.A. which was read into evidence.

Mr. H. T. Symington filed Exhibit No. 98, "Carload commodity rates from United Kingdom ports to Winnipeg in 1912 and subsequent periods which was ordered printed as an appendix. (This appears in Proceedings No. 27).

The Committee adjourned at 1.15 o'clock p.m. to meet again at 3.00 o'clock p.m. this day.

The Committee reassembled at 3.00 o'clock p.m. the Chairman, Mr. McMaster, presiding, and the same Members present as at the morning session.

Mr. Walter C. Wolfe, Superintending Engineer, Canadian Pacific Steamships, Montreal, who was in attendance, was called, sworn, examined and retired.

Sir William Petersen, who was again in attendance, was further examined and retired.

Captain David Isles, Superintendent Stevedore, Montreal, who was in attendance, was called, sworn, examined and retired.

The Committee adjourned at 5.15 o'clock p.m. to meet again at 8.00 o'clock p.m. this day.

The Committee reassembled at 8.00 o'clock p.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Sir Eugene Fiset, Halbert, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—14.

Mr. Alexander Johnston, Deputy Minister of Marine and Fisheries, who was in attendance at the request of the Committee, was called, sworn, examined and retired.

During the course of Mr. Johnston's examination a copy of the Register of S. S. *Rio Dorado* was filed by Mr. S. Russell McKenzie as Exhibit No. 99, and is not printed.

Mr. Charles Duguid, Naval Architect, Department of Marine and Fisheries, who was in attendance at the request of the Committee, was called, sworn, examined and retired.

Hon. Thomas A. Low, Minister of Trade and Commerce, who was in attendance at the request of the Committee, was called, gave evidence and retired.

The Committee adjourned at 11.10 o'clock p.m. to meet again at 11.00 o'clock a.m. on Friday, June 5, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 276,

HOUSE OF COMMONS,

TUESDAY, June 2, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met to-day at 11 o'clock a.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: Gentlemen, a quorum now being present, the Committee will come to order. Sir Henry, have you any further questions you wish to ask?

Sir HENRY DRAYTON: There were some papers to be produced this morning.

The CHAIRMAN: Mr. Donald, have you handed the papers to Sir Henry, which he wanted?

Mr. DONALD: No, I have not as yet.

The CHAIRMAN: They may as well be formally produced.

Mr. DONALD: I do not know whether they will be of much use or not.

The CHAIRMAN: That will be for the Committee to judge.

H. H. DONALD called.

By the Chairman:

Q. Mr. Donald, will you kindly produce what papers you have in the form of memoranda?—A. I will, sir, yes.

Q. Pertaining to estimates upon which the amount of the proposed subsidy was based?—A. I will produce all I have. I produce everything in my possession, but I might say for the benefit of the Committee that, had I known these papers were to be called into effect, I would have kept them, in which case I would have had a pile that high (indicating), because the calculations were changed from time to time.

By Sir Henry Drayton:

Q. Were these all you had in front of you when the memoranda was prepared?—A. No; I destroyed them as I went along, because I did not want anybody to see them, and I did not know where they might be lost.

Q. I will not take you back very far, Mr. Donald; only to last week. Are these all the memoranda you had in front of you when the statement which has been put in here was prepared last week at the Chateau?—A. Let me say this, Sir Henry; when I first came down here on this occasion, six or eight weeks ago, I had a great deal more memoranda than I have now. At that time, I made a sort of a summary, and I destroyed a great deal of the memoranda which I had then. I came down with a big file, and I have a very small file now.

Q. After this process of elimination, this is all you have (indicating)?—A. That is everything I have.

Q. Has there been any further elimination since the statement was prepared last week?—A. No. I have not torn up anything recently, Sir Henry.

Q. I am giving you a nicer word in "elimination" than the words "tearing up." Is that (indicating) a copy?—A. That is a copy I made last week.

Q. Well, let us take the first one. When was that drawn up?—A. When I first came down here about six or eight weeks ago.

The CHAIRMAN: We will produce this memoranda prepared six or eight weeks ago as Exhibit No. 94.

EXHIBIT 94: Memoranda used in preparation of contract.

The WITNESS: That is only a memorandum, Mr. Chairman, pure and simple.

Sir HENRY DRAYTON: This other one (indicating) looks to me as if it might have been prepared at the same time.

The WITNESS: I think it was done before this (indicating Exhibit 94).

By Sir Henry Drayton:

Q. But these three sheets comprise one memorandum?—A. May I just explain that? I had several other sheets of paper which came from my own office in Toronto—this blue-lined paper (indicating)—on which I had made memoranda, but these are the only ones I have been able to find.

Q. That was made previously?—A. Previously; exactly.

Q. About what time?—A. I cannot tell you; I made so many memoranda in regard to this matter.

Q. But this is all you can give us?—A. That is all I can find; if I had any more I would be pleased to produce it.

Q. Had you any more in front of you last week, when the original of that (indicating) was drawn up?—A. When this was drawn up, all I had in front of me was this statement (indicating Exhibit 94). I may have had the other two also (indicating).

The CHAIRMAN: Shall we refer to this as an exhibit also?

Sir HENRY DRAYTON: Yes.

The CHAIRMAN: This will be marked as Exhibit No. 95.

EXHIBIT 95: Memoranda used in drafting the contract.

Mr. SYMINGTON, K.C.: Exhibit No. 95 is a draft of the contract—

Sir HENRY DRAYTON: That is older; there is no doubt about that.

Mr. SYMINGTON, K.C.: On the front of No. 95—these are drafts—

The WITNESS: Yes.

By Mr. Symington, K.C.:

Q. Can you say they were prepared when the contract was being drawn?—A. I would imagine it would be about that time.

By Sir Henry Drayton:

Q. But you might have had this scribbling paper for use long afterwards?—A. That is quite true.

Q. And these (indicating Exhibits 94 and 95) were prepared a good long time before the contract?—A. Yes, although I cannot pin myself down to the exact date upon which I wrote these.

The CHAIRMAN: Do you want to put that in (indicating)?

Sir HENRY DRAYTON: No, that is only a copy of the other one.

By Sir Henry Drayton:

Q. Now, can you tell us which of these memoranda—or whether any of these memoranda—were ever submitted to Mr. Low?—A. I will give it to the best of my recollection, Sir Henry. I do not know exactly what figures were submitted to Mr. Low. I would not be prepared to swear just when or what memoranda were handed Mr. Low on the subject, because there were so many

different phases of this contract at different times that the situation changed from day to day, and Mr. Low may have had different memoranda handed to him.

By Sir Henry Drayton:

Q. Did you hand him any?—A. I would not be prepared to swear what I handed to Mr. Low.

Q. Did you discuss with Mr. Low the basis of the subsidy?—A. I think the subsidy was discussed several times between Sir William Peterson, Mr. Low and myself.

Q. Can you give me any information on that? Can you tell us the points of dispute between Sir William and Mr. Low?—A. I cannot tell you. I know that Sir William Petersen wanted more subsidy than was given, and there was some discussion along those lines. Sir William and Mr. Low also had several discussions when I was not present. I know that, because I left the room when Mr. Low came in.

Q. In connection with the request for more subsidy—upon what item was that?—A. I cannot tell you that, Sir Henry.

Q. Did you have to do with the memorandum which was originally prepared by Sir William?—A. What memorandum was that?

Q. The memorandum he gave to Mr. Low in England?

The CHAIRMAN: Sir Henry, the thought is just coming to me—I do not know whether any question is directly on this point or not, but, of course, you will not ask him regarding anything that passed between Sir William and himself?

Sir HENRY DRAYTON: I have not, Mr. Chairman.

The WITNESS: What was your question?

By Sir Henry Drayton:

Q. Do you know anything at all about the original memorandum?—A. I had nothing to do with it. You mean the memorandum handed by Sir William to Mr. Low in London?

Q. Yes?—A. I never saw it until I came to Ottawa last Fall.

The CHAIRMAN: Sir Henry, although you have not asked any questions of that kind, are we not getting rather near the line of absolute privilege between solicitor and client?

Sir HENRY DRAYTON: That is a point the witness may take any time he likes.

The CHAIRMAN: I know, but the witness is frankness itself, and I think, being a member of the Bar, and presiding over this Committee, I would direct the attention of the Committee to it. You are a member of the Bar, Sir Henry, and I am sure will have the same feeling as I have.

Sir HENRY DRAYTON: I would not have thought that that concern was the Committee's first and immediate concern. I would have thought that that was the concern of the solicitor. I may be wrong in that. It may be the immediate concern. I would point out, however, that I am not asking anything which could have the slightest thing to do with anything done under that.

The CHAIRMAN: The point has not been raised by Mr. Donald, but I would not like any question to be asked about things which Mr. Donald found out, because he was Sir William's solicitor.

Sir HENRY DRAYTON: If you say that, in connection with this public business, Mr. Chairman, you might just as well say that we cannot examine this witness at all.

The CHAIRMAN: We can ask Sir William anything we like and I do not think I have endeavoured to restrict his examination in any way, but is it quite proper for us to ask the solicitor about the facts that he learned, because he was the solicitor of the party before us?

SIR HENRY DRAYTON: In so far as the solicitor and clients and their own personal relationship are concerned, no; in so far as the solicitor knows anything at all about it, if he knows anything, as to what takes place, when these parties came together, as to what was going on, I should have thought that there was no doubt about it and we could get the information. However, if the Chairman wants to rule that way, I have no objection.

The CHAIRMAN: I would like to have the help of Sir Henry Drayton, who was at the bar many years before I was.

SIR HENRY DRAYTON: I can tell you frankly at once, in so far as the relations between Mr. Donald and Sir William are concerned, by themselves, of themselves, to themselves, there is privilege, but just as soon as Sir William goes with his solicitor, to consult with the Government, to say that just simply because he happens to be his solicitor, we cannot learn from him what takes place in these negotiations, I would suggest, is ridiculous.

SIR EUGENE Fiset: I think all this information can be got from the witness himself and from Sir William Petersen. I do not think you can differentiate between the private business of Mr. Donald and the relations between Mr. Donald and Sir William Petersen, not even if he got information that may be of a general nature; he got it as the solicitor of Sir William Petersen, and I do not think that that is a fair question at all.

The CHAIRMAN: Sir William told us last night, he did not prepare it; that his solicitor prepared it.

Hon. Mr. STEVENS: We ask the solicitor what is the basis of it. He says: "I am the solicitor of Sir William".

The WITNESS: I did not say that.

Hon. Mr. STEVENS: The Chairman says: "Oh, but he is the solicitor for Sir William; you should not press it". We are politely told "you cannot get the information".

The CHAIRMAN: I did not definitely rule on the matter. I did draw Sir Henry's attention to the fact that I thought we were getting pretty close to the border line, but I would be glad to hear from other members of the Committee, who are members of the bar.

Mr. SHAW: The relationship of lawyer and client does establish a confidential relationship, but there is a relationship which is not confidential. It is confidential, in so far as the lawyer is concerned, but if the client desires to make it public, then he is perfectly at liberty to do so. I understood yesterday from Sir William Petersen, that in so far as he was concerned, he had no objection to the facts being disclosed.

The CHAIRMAN: Have you any objection to Mr. Donald disclosing to the Committee anything that he learned, because he happened to be your solicitor?

SIR WILLIAM PETERSEN: None whatever.

Hon. Mr. STEVENS: I am not asking Mr. Donald to disclose things that happened because he was the solicitor. I want to make this clear, that neither Sir Henry nor myself desire to bring about a breach of confidence between solicitor and client.

The CHAIRMAN: Let me put it this way. Have you any objection, Sir William, if, in answer to questions put to him by members of the Committee or others, Mr. Donald discloses facts which he would not have known about, had he not been your solicitor?

SIR WILLIAM PETERSEN: I have no objection.

By Sir Henry Drayton:

Q. That original memoranda, I see, you saw it in the fall?—A. What original memoranda are you referring to, Sir Henry?

[Mr. H. H. Donald]

Q. The memoranda given by Sir William to Mr. Low, in England?—A. Is that a memorandum beginning "X"? If you will show it to me I will tell you when I saw it.

Q. Nobody seen it. Sir William says he has not got it now, that Mr. Low has it. I am asking if you saw it at any time.—A. I want to make sure what I am saying. I would like to see the document you are referring to.

Q. I could not tell you what it is. I have not had a chance to see it.—A. I would like to know something more about it before I answer the question.

The CHAIRMAN: The original memorandum. I have just got a letter from the Minister, which perhaps I might read now:—

OTTAWA, June, 2, 1925.

Office of the Minister,

A. R. McMASTER, Esq., M.P.,

Chairman of the Committee on Ocean Freight Rates,
House of Commons, Ottawa.

My dear Mr. McMASTER:—The Clerk of your Committee has asked me to send forward, for the information of the Committee, a copy of a memorandum given to me by Sir William Petersen and a showing how I arrived at the basis of the subsidy proposed under the resolution at present under discussion. I can only say that I have no memorandum which served as a basis for the estimate of the subsidy. Before the subsidy figure was arrived at, considerable calculation and other figuring was done from time to time. Sir William Petersen always insisted during these discussions upon the fact that his greatest fear was a rate war or a boycott, and that he wished to be protected against such an emergency. I finally agreed to a subsidy which would protect him to the extent of a cut in existing rates of 25 per cent. During the entire negotiations I had as the main principle in mind that the Government must have absolute and complete control of rates. Along with this my intention always was that on the completion of the agreement we should immediately effect a 33½ per cent cut in the rates, thus returning to the Canadian shipper the full amount of the subsidy and several hundred thousand dollars to the good.

"The only contract which I had in the Department of a similar character to serve as a guide, was one entered into by the Government of Sir Robert Borden in 1913 with the Royal Mail Steam Packet Company, whereby the Government agreed to pay for a period of five years an annual subsidy of \$340,666.66, for the West Indian Service. This annual subsidy represented 39 per cent return on the actual cost of the boats. In other words, the subsidy paid in 2½ years would represent the entire cost of the boats to the Company. In 10 years the Company was paid \$3,244,614.60, almost four times the cost of the boats to the Company.

"In view of your request for a memorandum along the lines desired, I offer this statement as an explanation of the figure arrived at for the subsidy, in addition to any other information already filed with you.

Yours very truly,

(sgd) THOS. A. LOW.

Sir HENRY DRAYTON: Most of that letter is just simply political propaganda. The only thing he was asked about it was, to let us have the memorandum, and Sir William Petersen says he has it. Our next witness ought to be the Minister. He says "I have a memorandum, which served as a basis for the estimate of the subsidy." I do not know whether that means no memoranda at all or no memoranda, which served as a basis for the estimate of the subsidy.

The CHAIRMAN: I did not write him a letter last night, when Sir Henry brought it up. As a matter of fact, I asked Mr. Gordon, one of our clerks, to communicate with the Minister and ask him to bring to the Committee, this morning, the memoranda which had been handed—if my recollection serves me right—as having been handed by Sir William Petersen to Mr. Low. I speak from recollection. I may not be right.

Mr. SYMINGTON, K.C.: Handed to him in London.

Sir HENRY DRAYTON: What I want to get is the basis from which all these things worked, on which to found something that is tangible.

Mr. BLACK (Halifax): It seems to me that those papers should be in the possession of the department somewhere. They are the basis of that contract, and the contract is not yet completed. It is true that the contract is drawn but has not met with the approval of Parliament. Surely these important papers would not be destroyed.

The CHAIRMAN: Can we finish with Mr. Donald?

Sir HENRY DRAYTON: Mr. Donald says he does not know anything.

The WITNESS: Will you just repeat your question?

By Sir Henry Drayton:

Q. My question was as to whether you had seen the original memoranda, prepared by Sir William, giving the basis upon which these negotiations were entered upon, handed by him to Mr. Low, in London?—A. Sir Henry, I saw a memorandum beginning "X." What the details of that memoranda are, now I could not tell you. It is some time ago since I saw it. I saw that in Sir William's room at the Chateau.

Q. Was that memorandum, commencing "X," used in the discussion at all, as a basis?—A. I think it was used. I am sure it was used by myself, when I started to draw this contract.

By Hon. Mr. Stevens:

Q. Mr. Donald, I have here Exhibit 93, which is memoranda setting forth the particulars of this subsidy.—A. Yes.

Q. It shows, first, a division into debentures, second debentures, and so on, and a careful calculation of interest and sinking fund. What I want to ask you frankly is this: Do you state seriously that that calculation and that memoranda is based upon data, such as you have given to us, in Exhibit 95, and 94?—A. Exhibit 93, is based on Exhibit 94, and 95, and some other memoranda that I might have had at that time.

Q. Well, now, did you have any memoranda, such as particulars of cost of the ships, what might be called reliable calculations of these ships, and reports from marine architects?—A. I am afraid I had to take the actual cost of the ships for granted, Mr. Stevens, from the figures that were given to me by Sir William.

Q. Quite so, but I am not talking about the amount of the figures; I am talking about documents. Surely this important document, upon which a \$275,000 subsidy is based, is not calculated from mere scraps of paper, or verbal observations made?—A. Mr. Stevens, during the six weeks, I think, that Sir William was negotiating for this contract, there were many propositions, of various characters, submitted. The consequence is that the figures, making up the subsidy, changed considerably from time to time. The original cost of the ships was figured on by Sir William at £135,000 each, and he estimated that he would have to spend £15,000, bringing it up to £150,000 per ship. Ten ships would calculate £1,500,000. I did my calculation on information that was given to me. I may be a poor arithmetician, so you may find that it may not add up properly.

[Mr. H. H. Donald]

Q. Sir William made the statement yesterday that included in that item of £50,000 was a large sum for marine architects and other matters of that kind?—A. Yes.

Q. He said he had some marine architects considering these additions?—A. Yes.

Q. Did you ever see any calculations or documents from marine architects, upon which these figures were based?—A. I did not, although I have heard him say, as he said yesterday, that he had employed marine architects in this connection.

Q. And these documents which you produce, then, are the only documents, outside of some other scraps of paper that have been destroyed?—A. Mr. Stevens, as I made the statement when I first stepped into the witness box, if I had known that these memoranda would be called for by the Committee, I would have saved them, and I may say that I could have produced four or five envelopes full of scraps of paper, as you call them.

Q. But there is not in existence any prepared documents either confirming the basis of a company organization, or reports by marine architects, or reports by accountants, upon which this statement was based?—A. There is no report by an accountant, no. There is no report by a marine architect, that I have seen; Sir William may have seen it. The cost of the company organization is an estimate which Sir William made, as he stated yesterday, from his previous experience in incorporating companies in the Old Country.

Q. Did you take the precaution of looking up the English law? I am asking this question because it struck me as an extraordinary thing there should be a charge of £20,000 for the organization of a company to carry on this work. That is government fees, not legal fees?—A. Yes, I understand. I did not look it up personally, but I have asked one or two legal men of my acquaintance in Toronto, and they have both assured me that the corporation fees in the Old Country are very high. I did not look it up, because I did not expect to have anything to do with the company, as it was to be incorporated in England.

Q. Now, when you calculated this sum of £44,000 per annum for upkeep and repairs, was there any statement placed before you showing the basis of that estimate of the cost of repairs?—A. No, only the information Sir William gave me as to what he expected repairs to cost over a period of ten years.

Hon. Mr. STEVENS: That is about all I have to ask, thank you.

The CHAIRMAN: Any more questions of Mr. Donald?

By Mr. Symington, K.C.:

Q. I presume you took your client's word and did not question his word?—A. I did not.

Q. Looking at that memorandum attached to the Minister's correspondence, is that the "X" letter you referred to, which you stated you had seen?—A. No, that is not the one I saw. The one I saw is somewhat the same, but I think it is a little longer; I think it is on two pages. But it is the same principle.

By Mr. Shaw:

Q. Mr. Donald, in regard to this memorandum, can you give us any information—you say you cannot produce the memorandum or a copy of it?—A. Which is that?

Q. I am talking about the memorandum which Sir William said he handed to someone else in London. You said you had a copy of that?—A. No. I said I saw a memorandum in Sir William's room in the Chateau, beginning "X," somewhat similar to the one Mr. Symington showed me.

Q. You had the memorandum before you when you drafted the contract?—A. Yes.

Q. You do not know what has happened to that?—A. I do not.

[Mr. H. H. Donald]

Q. What I want to ask is this. I suppose, Mr. Donald, you are not drawing these contracts every day?—A. I will be quite frank with you and say it is the first one I have drawn of this kind.

Q. Can you tell us now, from memory or recollection, any of the contents of this memorandum?—A. Mr. Shaw, as well as I can recollect—may I see this other one—it is something along the lines of this memorandum which Mr. Symington shows me, in the Minister's correspondence. There was no mention of subsidy in the memoranda I saw, Mr. Shaw.

Q. But you say it is substantially the same as the one there?—A. Along these lines. It is a long time since I saw it, and I would not like to say just what is in it and what is not in it. I would be very glad to help you if I could, but I cannot say any more than that, on my oath.

Sir HENRY DRAYTON: I think that is perfectly reasonable.

The CHAIRMAN: I think so. Any further questions? We are very much obliged to you sir.

The witness retired.

The CHAIRMAN: Who is the next witness? Have you any other witnesses, Mr. Flintoff?

Hon. Mr. STEVENS: We were not quite through with Sir William Petersen.

The CHAIRMAN: Perhaps we could go on with Mr. Flintoff's witnesses and then recall Sir William.

Mr. FLINTOFF: There are one or two points I wish to clear up through Mr. Marlow, sir.

WILLIAM THOMAS MARLOW recalled.

The CHAIRMAN: You have already been sworn, sir; we will not have to go through that ceremony again.

By Mr. Flintoff:

Q. Mr. Marlow, during Mr. Stewart B. Brown's evidence, you will remember he produced a list of rates which he had compiled, and of which I think you have a copy, have you not?—A. I have.

Q. According to my recollection—

The CHAIRMAN: He was the man from the Canadian Manufacturers' Association.

Mr. FLINTOFF: Yes, sir.

By Mr. Flintoff:

Q. Mr. Marlow, as I remember it, Mr. Brown, in giving his list of rates for 1914, stated that he had obtained these from a Grand Trunk sailing list?—A. That was my understanding, the rates of 1914.

Mr. SYMINGTON K.C.: He produced it.

Mr. FLINTOFF: He produced it, but he did not file it; it is not on the file.

By Mr. Flintoff:

Q. Can you tell us, Mr. Marlow, just what is the nature of that list?—A. At the time and previous to that, both railways—the Grand Trunk and the Canadian Pacific—published these sailing lists probably weekly, sometimes perhaps not as frequently.

Q. What did they contain?—A. On the inside, my recollection is that they had a list of printed commodities, with rates shown opposite.

Q. And the ships' sailings?—A. And the ships' sailings, yes. These rates were put in from time to time by the railways, as obtained from the steamship lines, but I do not know they were not always reliable.

[Mr. W. T. Marlow.]

Q. Were these lists—did they purport to publish the rates actually in effect?—A. No, my recollection is that they contained in print at the bottom, "Subject to confirmation as to rates and space."

Mr. SYMINGTON, K.C.: I think the language was, "Subject to change."

Mr. FLINTOFF: "Subject to change without notice."

Mr. SYMINGTON, K.C.: That was on the list he had.

By Mr. Flintoff:

Q. Then is that practice still in effect, Mr. Marlow?—A. No, it was discontinued shortly after the war. As far as the Canadian Pacific is concerned, one of the reasons we found it necessary to change it, was that there might be ocean rate changes that the railways were not advised of between the issuance of one publication and another. We did not want to give out information as to rates that was not reliable, and furthermore we did not want to be in the position of quoting rates that we could not get the steamship lines to protect.

Q. Were these rates published—did they purport to cover conveyance on all steamships, or any particular line?—A. No, I do not think at that time there was uniformity of rates to all United Kingdom ports.

Q. By what were they superseded, this particular type of list?—A. As far as our company is concerned, well, both companies, we publish now a list similar to this one I have in my pocket, which gives the sailings only, and publishes no rates.

Q. Is that what took the place of the previous list?—A. That is how the previous list has developed. It has developed into this, now.

Q. You publish nothing containing the commodities?—A. We publish no rates now.

Q. You publish no list of commodities. As I understand it, following that they published a list of the commodities without rates?—A. There was a period during which it was found that the rates were so unreliable that they printed in red across the part where the rates would be inserted "Rates on application."

Q. Then, Mr. Marlow, I understand that Mr. Brown stated that his 1925 rates were obtained from the Canadian Pacific agent at Toronto, was it not?—A. I believe so.

Q. Could you explain how that came to be obtained?—A. Yes. We have found that in December, 1924, December 30th, he wrote to our Toronto office and asked for a list of rates on certain commodities, which he mentioned, in order to bring his records up to date. No movement of traffic was mentioned.

Q. What was the nature of the list that was furnished to him?—A. He apparently took the commodities that were printed in that former sailing list and which probably at the time were moving, and used them to ask for rates—

Q. You say, "at the time"; you mean in 1914?—A. 1914, that printed list in 1914. He took the commodities from that and asked for the rates on the same commodities as applicable at that time, December, 1924.

Q. And what was given to him?—A. Well, the rates were given to him, in so far as our Toronto office were able to find the commodities specified in the tariffs, and on one or two commodities where the rates were not specified in the tariff, they gave him the general cargo rate, which is a maximum rate provided in the tariff to cover odd lots and small shipments from time to time.

Q. That is what you call a "paper rate," largely?—A. It is a paper rate, practically.

Q. You might just explain to the committee what you mean by that.—A. The idea is this, that we have to have a tariff which will at all times supply a rate. You could not say there was no rate, but our usage has been—and I think I illustrated that amply in my former evidence—that wherever a move-

[Mr. W. T. Marlow.]

ment begins it is customary for an exporter to apply for rates, and we usually make the rate to fit the traffic.

Q. I suppose you are referring in that connection to the articles on which these extreme percentages of increase are shown?—A. Yes. That 566 per cent increase worried us a little bit, because we did not believe there was any such increase in reality. It was merely a paper increase. So I reported to our office and we sent a telegram; that is, Mr. Kirkpatrick on May 22nd sent a telegram to Mr. Brown to this effect:—

“Widespread publicity given statement filed by you ocean rates committee. Ottawa reports show 566 per cent increase rates several commodities present time over 1914. Figures used are general cargo rates in tariff for goods not particularly rated any commodity of which there is movement always given appropriate rate. Do you know any Canadian manufacturer exporting to the United Kingdom the following: starch corn cane syrup iron ore steel bars loose wooden ironing boards shoe lasts pulley blocks wooden spoons cottonseed cocoa glucose flow castings.”

I think he meant “plow castings.” I think that is a misprint. However his statement said “flow castings.” f-l-o-w. It is fairly indicative of how carelessly the list was made up.

The CHAIRMAN: It would be “plow castings.”

The WITNESS: Yes. Then, reading on:—

“Windmills ores copper chrome marl or cobalt oleo wax radiators dried beans lubricating oil. If so would be glad to have their names and if they have applied to steamship lines for rates such commodities within past eighteen months.”

And this is the reply he sends us on May 27th.

By Mr. Flintoft:

Q. A reply from Mr. Brown?—A. From Mr. Brown, dated May 27th, to Mr. Kirkpatrick:—

“Yours 22nd statement filed ocean rates committee comparison of rates 1914 with 1925. No complaints received last eighteen months on commodities mentioned. Your wire re rates to United Kingdom have no knowledge as to Canadian manufacturers exporting to United Kingdom commodities mentioned your wire with possible exceptions ironing boards shoe lasts iron or steel bars. In order to determine definitely this point it would be necessary to take up with all existing manufacturers. Think pulley blocks mentioned my statement should be eliminated as wood pulleys is the commodity we understand being exported.”

That is signed “S. B. Brown.”

Q. On that one point, Mr. Marlow, of wood pulleys. What is the increase shown on wood pulleys? Have you got that?—A. Yes.

Q. He shows pulley blocks, an increase of 566 per cent, does he not?—A. Yes. And now he admits that pulley blocks were not intended and should be eliminated altogether.

By the Chairman:

Q. Did he say that?—A. Yes.

By Mr. Flintoft:

Q. And wood pulleys substituted?—A. I am answering a question by the Chairman for the moment.

The CHAIRMAN: Wood pulleys is the commodity?

The WITNESS: Yes.

[Mr. W. T. Marlow.]

By Mr. Flintoft:

Q. Yes. Well, wood pulleys I see in the statement is shown in 1914 as having a rate of 7.97 cents per cubic foot.—A. He showed it as 6 cents per cubic foot; but we make the rate from the tariff, which I am filing here, 7.9 cents per cubic foot. That is, it was a sterling rate and worked out into cents per cubic foot, at 4.86 exchange, it works out 7.97.

Q. And the 1925 rate?—A. Is \$1 per 100 lbs. Now the likelihood is that if you took the relation between the measurement and the weight of this commodity, the \$1 per 100 pounds would show very little, if any, increase over the rate of 7.97 per cubic foot.

Q. Well, Mr. Marlow, you have gone through this list, I understand, and compared a corrected list. Now you might just explain that corrected list and I expect the Chairman will desire to have it filed; a copy of the corrected list.—A. I may say that almost every commodity is at variance with the tariff which I will produce.

Q. You are speaking of the 1914 rates?—A. The 1914 rates. And again some of the rates given for 1924 are incorrect.

Q. For 1925?—A. 1925, yes. Would it be necessary to go through this list, item by item?

Q. Could you, without going into too great detail, indicate generally what are the differences in the 1914 rates?—A. Well, we will take where these heavy increases are indicated.

Q. Just take your 1914 rates first and explain generally what the differences are, if you will, first, and then we will deal with the heavy increases.—A. I do not quite understand you, Mr. Flintoft. Take each rate and show the percentages.

Q. No, just generally. Can you explain in a general way how these differences come about? I understand that practically every rate in the 1914 list is incorrect according to your tariff. The differences are not very great in some cases?—A. No.

Q. Can you explain generally what is the reason for that difference?—A. Well, one of the explanations that I might venture is that he has taken the general commodity rate from that Canadian, or that Grand Trunk list, and applied it on articles which were specifically rated in the steamship tariff.

Q. So that where he could not find a specific rate in that sailing list, he just shoved it into the general commodity list?—A. Apparently.

Q. Not having the actual tariff before him?—A. Apparently. And then it should be explained further that that rate list was a pamphlet about this size, and did not purport to cover only a few commodities, such as provisions, lubricating oils, and so forth; in fact a few of the commodities that he mentioned. It did not purport to cover everything that was shipped at the time.

Q. A pamphlet about the size of a railway timetable.—A. Well, this is about the size it was.

Q. The reporter will not know what that size is.—A. In a double sheet pamphlet about 4 by 8 inches.

Q. Yes. Then, Mr. Marlow, to what port did these rates in 1914 apply?—A. Well, we took for the comparison the port of London, for the reason that our records show at that time we were getting the large portion of our cargoes to London, particularly of commodities such as are mentioned.

Q. And these are the correct tariff rates from the tariff which you have in your possession?—A. Yes. And which we are prepared to file here.

Q. Then, Mr. Marlow, I suppose all these rates were quoted in sterling, were they?—A. No, not all.

Q. But some? A great number of them.—A. The greater number.

Q. All those that end in a fraction of a cent?—A. That is on account of the conversion from sterling into currency.

[Mr. W. T. Marlow.]

Q. And in the sailing list that Mr. Brown had, were they quoted in sterling?
—A. Yes, a great many of the rates were quoted in sterling.

Q. So I suppose some difference may occur in the conversion?—A. Yes, there may be some difference there.

By the Chairman:

Q. Let me ask Mr. Marlow this question. The figures Mr. Brown gave the other night, were they approximately correct in the generality of cases?—A. No, they were not, Mr. Chairman. And unfortunately they bring out this heavy increase in rates which in reality did not exist. Here is a newspaper clipping with headlines, sir.

By Mr. Flintoft:

Q. Let me explain. While the difference in cents is not great, it makes the percentage differences appear very large.—A. Greater than they actually were.

Q. Then, Mr. Marlow, we can leave the 1914, I think, and you might explain the 1925 rates. I understand you to say that there is a number of differences there.—A. Yes, I might give instances.

Q. In the first place, Mr. Marlow, was this whole statement of rates obtained from our agent at Toronto?—A. No, it was not.

By the Chairman:

Q. When you say "our agent"?—A. I mean the Canadian Pacific agent.

By Mr. Flintoft:

Q. And apparently in a great many cases Mr. Brown took the same course of resorting to the general commodity list?—A. Well, that would be my guess. I do not know.

Q. Where he had not the specific rate, he just took the general commodity rate?—A. That is apparently what was done. I do not know that to be the fact.

Q. Does that list in Mr. Kirkpatrick's telegram represent the commodities on which there are the largest increases?—A. Yes, it does. Then I may say further in that connection that we have checked our manifests.

Q. If you will just follow me, I want to bring out those commodities. I understand there are about half a dozen on which there is an increase of 566 per cent, is it?—A. No, there appear to be four.

Q. Four on which there is 566 per cent. What were they, Mr. Marlow?—A. First, wooden ironing boards. The explanation of that is probably that in 1914 wooden ironing boards were moving; there were shipments offering. To-day there are not. But we have got bake boards moving, which are wooden bake boards, and on wooden bake boards I remember very distinctly we made a low weight rate of 75 cents per 100 pounds, realizing that a low priced commodity such as wooden ironing boards or wooden bake boards would not stand a high cubic measurement rate.

Q. And are there any ironing boards moving to-day?—A. Not that we are aware of, and we have checked our manifests for 1924 and cannot find any.

Q. And if there were any moving, the rate would be analogous.—A. Most certainly, we would make the rate the same as that for bake boards, it being a similar article.

Q. What rate is that?—A. Seventy-five cents per 100 pounds.

Q. And what was the rate he quoted?—A. He quoted the general cargo rate. Forty cents per cubic foot.

Mr. SYMINGTON, K.C.: And 75.

The WITNESS: Or 75, which means the ship's option, which means that the general cubic rate would apply.

[Mr. W. T. Marlow.]

By Mr. Flintoft:

Q. Then what are the others?—A. Another article was these pulley blocks he mentioned and now he admits that pulley blocks are not shipped at all, that he referred to wood pulleys, on which the rate is \$1 per 100 pounds. A weight rate instead of a measurement rate.

Q. Then I notice you have shoe lasts. Was that one of the others?—A. Yes, he said shoe lasts. I don't know whether he said it in his telegram, but my inference is that what is meant is last blocks. He says in his telegram possible exceptions of shoe lasts. We can find no shipments of shoe lasts but we can find shipments of what are known as last blocks; that is the block of wood out of which the last is made, which is a very much cheaper commodity. It takes a rate of 45 cents per 100 pounds in the 1924 tariff.

Q. Just to go back a moment to that ironing boards item. Mr. Brown stated that it was 40 cents a cubic foot or 75 cents per 100 pounds. How would those two rates compare?—A. Well, there is no comparison, you see, between a cubic foot rate, unless every shipment of pulley blocks measured the same in proportion to the weight. You could not make any comparison. You might have one lot weighing we will say 900 pounds to the 40 cubic feet and another weighing 800 pounds to the 40 cubic feet.

Q. Quite so, but I was wondering, Mr. Marlow, when you told us a short time ago that on wood pulleys a rate of \$1 per 100 pounds would work out at about the same as 7.97 cents per cubic foot—you told us that?—A. No, I did not say it as definitely as that, Mr. Flintoft. I said it probably would not be any higher than the old rate of 7.97 cents. It might be a little higher.

Q. Perhaps I put it a little strongly. Then at that rate, 75 cents per 100 pounds would not be much greater than 6.379 per cubic foot, looking now at the ironing boards.—A. Of course with wood pulleys you have a very much heavier commodity than you do with the wooden ironing boards; they might very much lighter; so the relative weight and measurement will not be the same either.

Q. Could you give any idea?—A. No, I have not the slightest idea.

Q. As to the ironing boards?—A. I could not estimate it.

Q. You could not estimate that, and all you can say is that the 40 cents a cubic foot rate would not apply?—A. That is true. That is, if any movement was offered the steamship lines, we certainly would not expect 40 cents a cubic foot. We know the traffic would not stand any such rate.

Q. And analogous commodities are?—A. Analogous commodities are already rated in the tariffs moving. I might mention washboards as another.

Q. Let us see. I think the other item was wooden spoons?—A. Wooden spoons are the same.

Q. It is shown in other commodities at 6 cents per cubic foot?—A. He showed it at 6 cents per cubic foot, but I make the rate 7.9 per cubic foot. The same thing applies there. We were applied to not long ago for a rate on wooden berry boxes, which would be a somewhat similar thing, and we made a special rate of 75 cents there, and you know we would have to fill up the ship with them to get a ton. We realized that they could not stand a high measurement rate, so we made the rate 75 cents per hundred pounds, and similarly for wooden spoons.

Q. It would not be much good, to be loaded up with berry boxes?—A. No.

Q. I understand you have made a careful check of your manifests for the last 18 months, and that you have failed to find any of these commodities moving?—A. No, Mr. Flintoft, we have only gone over our manifests for 1924; we had not time to go over the 18 months.

Q. Have you gone over them for the first four months of 1925, or up to the present?—A. No, we only did 1924, and I am pretty sure that none of these articles have been shipped in 1924 or 1925.

Q. Have you ever had any requests for rates on them?—A. No.

Q. Were any of these commodities moving?—A. Not that I am aware of.

Q. Or offering?—A. Not that I know of.

Q. Not that you can find any record of?—A. That is correct.

By the Chairman:

Q. If they were offering in any considerable quantities, would you recollect them?—A. I think I would, and I think if they were offered in small quantities I would recollect it having been passed upon in Conference.

By Mr. Flintoft:

Q. And if they were offering in any commercial volume at all, they would be given treatment in accordance with the analogous articles?—A. Yes, that is so. I might explain that a great many of these articles shown here are shipped in very large volume from the United States and through United States ports.

Q. These commodities you are speaking of?—A. The commodities I am speaking of, undoubtedly, that is the reason they were given prominence in the rate lists of 1914, because at that time the Grand Trunk people were catering largely for traffic from Chicago.

By the Chairman:

Q. The Grand Trunk is doing that yet?—A. Yes. They are both doing it, both companies. Take glucose, lubricating oils, starch, and all that sort of thing, they are all manufactured in the Western States.

By Mr. Flintoft:

Q. Have you anything further to say about Mr. Brown's list?—A. Well, Mr. Brown mentioned also a rate of 25 cents per hundred pounds on linseed oil cake. That is the rate shown in the list. I may say that the only two exporters of linseed oil cake from Canada that we are aware of are the Dominion and the Canada Linseed Oil Mills, and we offered them a rate as low as 18 cents as far back as February, in our efforts to get them to develop some business, but they claimed at the time that they could not do any business with the United Kingdom, not on account of the rate on freight but on account of their having sold most of their stuff to Rotterdam.

Q. Then, Mr. Marlow, a suggestion was made by Sir William Petersen that tramp vessels were excluded, or at least were prejudiced by having to get out of the way of the liner vessels in Montreal harbour. Is that the fact?—A. No, that is not correct. As I understand it—in fact I know it—the Harbour Master in Montreal has absolute power in placing a tramp vessel for grain at a berth, and if any liner berth is unoccupied at the time, the Harbour Master places her in there, if he considers it convenient to do so. Besides that there are, I would think, three or four berths at Windmill Point, and I think now there are four or five more berths in the eastern part of the harbour, where tramps can get grain, and which are not general cargo berths at all. They were specially constructed to invite the tramp into the port of Montreal.

Now, as regards the position of the tramp at a liner berth, at times they have been there at the inconvenience of the liner vessel; for instance, take our own berths No. 7 and No. 9, they are on one side of the King Edward pier. If we are loading a vessel at No. 7, and a tramp has come into No. 9, we have only the use of one grain belt through the conveyor to our ship, as against two if we had our own vessel there, for the reason that the tramp is using one of the two belts. It frequently happens, particularly with the passenger steamer, that if we could use the two belts we could finish and avoid overtime at night,

[Mr. W. T. Marlow.]

but with the use of the one belt only, the tramp steamer using the other, we are compelled to pay overtime, and to that extent we do know of and have had cases where our liner vessel has been inconvenienced to accommodate a tramp.

By the Chairman:

Q. In other words, is it your submission, Mr. Marlow, that the Harbour Master is impartial and fair as between both the tramps and the Conference liners?—A. Absolutely.

Mr. SYMINGTON, K.C.: He is speaking of grain.

The WITNESS: In fact I think the Harbour Master's anxiety is, to develop the tramp business in the port.

By the Chairman:

Q. He wants to develop all business in the port?—A. Well, we have felt otherwise, because of the fact that the tramp is not taxed at all in the same way we are. Of course if he uses the shed he pays us a nominal rental of \$100 a day I think, but if he does not use the shed except to load alongside of it, he pays nothing.

By Hon. Mr. Stevens:

Q. If he uses the shed for package freight, he pays you?—A. Yes.

Q. Otherwise he does not pay you?—A. Otherwise he does not pay us, therefore we feel that we pay more than our share in the port of Montreal, particularly as the established lines are the real life of the port. We are there in season and out of season, while the tramp comes if it pays him to come.

By Mr. Shaw:

Q. Do you say \$100 a day is a nominal charge, Mr. Marlow?—A. I think it is.

Mr. SYMINGTON, K.C.: It is in the steamship business.

The WITNESS: It would not appear to be very large, if you would consider the rentals that are charged elsewhere.

By Mr. Flintoft:

Q. That \$100 a day as I understand it is under an agreement with the Harbour Commission, and is a reciprocal charge as between the liners?—A. That is so.

Q. If they have to tie up at each other's berths, they do the same?—A. Yes. If we go into a Cunard liner's berth, we pay them \$100 a day, and if they go into ours, they pay us the same amount.

Q. I understand, Mr. Marlow, that if the tramps use the shed merely for passing through lumber or fitting they are not charged that?—A. No, they do not charge anything.

Q. A suggestion was made by Sir William that no broker could live in Montreal except by the grace of the Conference lines; is that in accordance with the facts, or is there any foundation for such a suggestion?—A. No. I was astonished at the statement made by Sir William, because we have several firms in Montreal now, brokerage firms, who are handling ships.

By the Chairman:

Q. Handling what sort of ships?—A. Well, grain vessels.

Q. Tramp ships?—A. Tramp ships, and I know of one firm who have even gone so far as to charter a tramp and solicit various shippers for parcels to make up a shipload.

By Hon. Mr. Stevens:

Q. That is, chartered on speculation?—A. Chartered on speculation.

[Mr. T. W. Marlow.]

By Mr. Flintoft:

Q. Have they been successful?—A. Yes, very.

Q. As far as you know, has there been any interference with their business?
A.—I cannot see how there could be any interference. What interference could we make?

By the Chairman:

Q. There is no reason why we should not know who this firm is?—A. Thomas Harling and Son.

Hon. Mr. STEVENS: I know Mr. Harling very well, he is a very able man.

By Hon. Mr. Stevens:

Q. Is he a general ship broker?—A. Yes; he has been established in Montreal for years.

By Sir Eugene Fiset:

Q. Does he do business with the Conference lines as well?—A. He does business with us at times; he has done business with Conference lines, and I have done business with that firm.

Mr. BLACK: He does business with everybody; he is a very energetic man.

By Mr. Flintoft:

Q. They do not refuse to do business with Mr. Harling because he is doing business with outside lines?—A. Absolutely no.

Q. Do you pay any brokerage fees, Mr. Marlow, in the Canadian trade? —A. None except on cattle; that is the only one I know. You mean when we are applied to by a commission broker?

Mr. SYMINGTON, K.C.: If they do business with Harling and Company.

By Mr. Flintoft:

Q. You will take business from anybody, I suppose, who comes to you?—A. Yes.

Q. And you do not pay any brokerage commission?—A. I understand they do make an exception on cattle.

By the Chairman:

Q. What about Mr. Harling?—A. If he had anything to do with us, he would come to us the same as any other shipper.

Q. And if he wanted any remuneration?—A. If he wanted any remuneration he would have to look to the shippers.

By the Chairman:

Q. Have you any other brokers there who work on the same basis?—A. There are other brokers in Montreal doing a similar business, and they rely for remuneration for their services upon the shipper.

Sir EUGENE Fiset: That is not exactly what he meant; he meant that a broker established in the city of Montreal must have no relation or business whatever with Conference lines, and that the brokers do not exist. That is what he said.

Mr. FLINTOFT: That was not my impression, Sir Eugene.

Sir EUGENE Fiset: Well, it was mine.

Mr. FLINTOFT: My impression was that Sir William implied that no man could live there.

The CHAIRMAN: I will ask Mr. Marlow the same question I asked Sir William Petersen.

[Mr. W. T. Marlow.]

By the Chairman:

Q. Could a young man who wanted to start out in the ship broker business at Montreal do so with any reasonable chance of success, under present conditions?

Sir EUGENE Fiset: Apart from Conference lines.

By the Chairman:

Q. A broker who does not deal with the Conference?—A. Most decidedly, sir. There is nothing to prevent his doing business, and so far as the Conference lines are concerned, take our own line, we are doing business with the same people who are employing tramps to move their grain. They might have a tramp at a berth one week, and may take parcels next week or the same week. We do not ask questions, whether they have a tramp or not; we are glad to get their business, and they make their rates irrespective of anything we do.

By Mr. Flintoft:

Q. The suggestion was made that any difficulty arises from the fact that the chartering market is in New York. What is the situation in regard to that; has that anything to do with the steamship line?—A. No. There are two main charter markets; one is the Baltic Exchange in London, the other is the New York Exchange. Business with grain is mostly done in the Montreal Exchange. The reason for that is that they are the two largest centres in the world; the business has grown up and has been established there, and no one that I know of could change that state of affairs.

Q. Well, is Montreal in any different position from, we will say, Baltimore, Philadelphia or Boston?—A. Absolutely not. The majority of charters made at Baltimore, Boston, Philadelphia or Newport News or any of the ports, are made in New York, but a lot of them are made on the Baltic Exchange.

Q. A great many of the charters on this side—A. Are made on the Baltic Exchange.

Q. Some ships do not come out?—A. Some ships do not come out unless they get their position. Other ships, whose owners are on the other side, will come out to Hampton Roads, and probably be in that position, and will be chartered in London. Their position is known on the other side.

Q. As far as the Conference lines are concerned they have nothing to do with that arrangement?—A. Absolutely not. In fact, we never concern ourselves with it.

Q. Then, Mr. Marlow, there is just one other point: Sir William suggested that the one-cabin ship of the present time was not the boat for handling the traffic into the St. Lawrence?—A. Well, I do not agree with Sir William in that statement.

Q. He spoke of the *Aurania*—A. The *Aurania*, our *Mont*—boats such as the *Montcalm*, the *Montclare*, and the *Montrose*, the *Letitia*, of the Anchor-Donaldson Line, the *Doric* and the *Regina* are the evolution of experience on the St. Lawrence as to the best combined type of passenger and freight boats, suitable to the trade, and they have been built with that end in view.

Q. Built exclusively for the Canadian trade?—A. As a matter of fact, I think I am correct in stating—and Major Curry can contradict me—that they had their designers and engineers and everybody out here on their earlier boats to study the routes and conditions, before the *Doric* and the *Regina* were built. Is that right, Major?

Major CURRY: That is quite right.

By Mr. Flintoft:

Q. The one-cabin ship, as designed for the St. Lawrence, is proving a very desirable ship—A. It is thought to be an economical passenger ship, and a fairly good freight ship.

Hon. Mr. STEVENS: Mr. Flintoft, may we go back to these tramp steamers for a moment?

Mr. FLINTOFT: Yes, certainly.

Hon. Mr. STEVENS: I want to ask Mr. Marlow a few questions about them.

By Hon. Mr. Stevens:

Q. Mr. Marlow, I have here the *Montreal Gazette* for Tuesday, June 2, and in the shipping section there is a long list of sailings, etc. Now, under the heading "Vessels in port" will you tell me if you can, the character of some of these vessels, for instance, the *Aspasia Stavroudi*?—A. That is probably a grain tramp.

Q. That is by Thomas Harling?—A. It is probably a grain tramp.

Q. Now, another by Thomas Harling, the *Glenmoor*?—A. That is probably the same.

Q. Another one, the *Adamello*, by Thomas Harling?—A. That is probably the same thing.

Q. Another one by Thomas Harling, the *Lavenzia*?—A. That is probably a grain tramp.

Q. The *Hillbrook*, by Thomas Harling, shed 41?—A. That would be the same thing; I think these would all be grain tramps.

Q. This is only one day's publication, and there are five by Thomas Harling, the general brokers?—A. That is right.

Q. Are any of these liners, do you know?—A. No, they are not.

Q. Now, let us see a few more. We have here the *Karlsvik*, by Robert Reford & Company. Would that be liner?—A. That is a tramp.

Q. A tramp chartered by Robert Reford?—A. Not chartered by Robert Reford, Mr. Stevens, but in the hands of Robert Reford as agents for the owners.

Q. And here is another by Thomas Harling, the *Ingola*?—A. That is probably a tramp.

Q. Then there are several by the Canadian Government Merchant Marine. Now, here is the *Bergsdalen*, by McLean. Is McLean another broker?—A. Is that not McLean Kennedy?

Q. Oh, yes, McLean Kennedy.—A. That would probably be a tramp, assigned to them, the same as the Robert Reford Company, as agents.

Q. The Clarke Steamship Company—are they brokers?—A. I do not know the Clarke Steamships. I am informed that is in the Gulf of St. Lawrence.

Sir EUGENE Fiset: Going through the Bay of Gaspé—

The CHAIRMAN: And stopping at Rimouski.

By Hon. Mr. Stevens:

Q. Then the *Texas*, is she a tramp or a liner?—A. She would be a tramp.

Q. Here is a long list, I will not read them—A. There are times when there have been 40 and more in port.

Q. And here is another by Thomas Harling, the *Andreas*. I think that makes seven for one broker?—A. Yes.

Q. Is J. F. Whitney a broker?—A. Yes.

Q. Is he a victim of the liners?—A. I do not think he has been much of a victim. They came up from New York and bought out the business of T. F. McCarthy, and have made a success of it. He was asked to pay a good price for it, too.

[Mr. W. T. Marlow.]

By the Chairman:

Q. Is it a branch of a New York house?—A. Yes.

Hon. Mr. STEVENS: These are for one day, Mr. Chairman. I just refer to them for the purpose, if we can, of getting the facts regarding this so-called slaughtering of independent agents by liners. I do not want to pursue that any farther.

Sir EUGENE Fiset: I do not think it proves anything, for the reason that all the firms you mentioned existed before the Conference was ever established, and they had to be taken into consideration by the Conference, and they operate both for the Conference and the others. That is not the case Sir William had in mind.

Hon. Mr. STEVENS: Sir William said there were no independent brokers at all. He said it was impossible for them to live.

The CHAIRMAN: We have heard Sir William, and have heard Mr. Marlow, and will weigh the evidence. Have you any further questions, Mr. Flintoft?

By Mr. Flintoft:

Q. As I understand it, Mr. Marlow, speaking of the one-cabin ship, relatively their capacity for cargo is greater than the ordinary first-class passenger boat?—A. That is right.

Q. And she has been developed as a most economical type of ship——A. For the St. Lawrence trade.

Q. The suggestion that a ship like the *Regina*, for instance, which has been christened with a Canadian name, was built originally for the United States trade, and then converted to the Canadian trade, has no foundation?—A. No, I think not.

Mr. SYMINGTON, K.C.: Where is that suggestion?

Mr. FLINTOFT: I am speaking of the *Regina*, as one type of ship. Take the *Aurania*, she is typical.

Mr. SYMINGTON, K.C.: Yes, take the *Aurania* as typical.

Mr. FLINTOFT: So is the *Regina*.

By Mr. Symington, K.C.:

Q. Mr. Marlow, as I understand it, you now say that these weekly lists which were prepared by the Canadian Pacific in connection with their sailings, and by the Grand Trunk in connection with some of their sailings, and which had some sailings in connection with the other lines, were not correct, and, therefore, Mr. Brown's figures were wrong?—A. They were not reliable at the time.

Q. Although it was your company which issued them?—A. That is right, but they are always issued, if my recollection is correct, with the words "subject to confirmation of rates and space."

Mr. SYMINGTON, K.C.: We had them, and they had the words "Subject to change without notice."

Mr. MONTGOMERY, K.C.: The other words may have been there too.

By Mr. Symington, K.C.:

Q. The Canadian Manufacturers' Association are pretty careful people, are they not?—We have not found them to be in connection with ocean rates.

Q. In any event, they relied, with respect to the 1914 rates, upon the documents published by the Canadian Pacific and the Grand Trunk?—A. Yes. I think probably the word "rely" is too strong. I think they were simply recording these rates.

Q. But I mean in drawing their schedule.

Mr. FLINTOFT: I do not know whether that was the Canadian Pacific list. It was only the Grand Trunk.

Mr. SYMINGTON, K.C.: He has several of them. Say the Grand Trunk. He has the 1925 list. He wrote your agent in Toronto for these rates. Your agent did not know them.

Mr. FLINTOFT: On some of the commodities our agent supplied, it did not appear in his.

Mr. SYMINGTON, K.C.: No, the rate your agent supplied is shown differently on his.

The WITNESS: I am not certain about that.

By Mr. Symington, K.C.:

Q. Have you got the letter from your agent there?—A. Yes.

Q. We might have it in.—A. Do you want the list of rates?

Q. I think whatever information they furnished Mr. Brown. Did you notify Mr. Brown?—A. Yes; he knows. I read out the telegram to him, with his reply. Here is the reply.

Mr. FLINTOFT: I might say that Mr. Brown is willing to attend again and explain the situation, but we did not think it was worth the expense to bring him down here. We can bring him tomorrow.

By Mr. Symington, K.C.:

Q. Let us have the letter.—A. Here is the acknowledgement of it. Here is Mr. Brown's letter. It will make it complete.

Q. Yes. Complete the file. You file, Mr. Marlow, letter dated December 30, 1924, addressed to J. A. Morice, Foreign Freight Agent, Canadian Pacific Railway, Toronto, which reads as follows:—

EXHIBIT No. 96.—Letter from S. B. Brown to J. A. Morice, re prevailing ocean rates on commodities from West St. John to United Kingdom ports.

TORONTO, ONT., December 30, 1924.

J. A. MORICE, Esq.,

Foreign Freight Agent, Canadian Pacific Railway,
Toronto, Ont.

Ocean Rates—General.

DEAR SIR:—If consistent. I should like very much to obtain the prevailing ocean rates on the commodities listed on the attached statement from West St. John to United Kingdom ports. I am endeavouring to bring up to date certain data which I had previously prepared in this connection, and would appreciate it if you could kindly arrange to let me have the present rates on the commodities mentioned, or such of them as may be readily available.

"Yours faithfully,

"(sgd) S. B. BROWN,
Manager—Transportation Department."

To which was attached the list?—A. That is right.

Q. To which you replied on January thirteenth, I mean your Foreign Freight Agent, at Toronto, replied, as follows:—

[Mr. W. T. Marlowe]

January 13, 1925.

18561

The Canadian Manufacturers Ass'n,
Bank of Hamilton Bldg.,
Toronto, Ont.

Attention Transportation Dept.

GENTLEMEN:—As requested in yours of December 30 I am pleased to attach for your information statement of ocean rates on several commodities from West St. John to United Kingdom ports, and to Havre, France.

These are the present rates and are subject to change without notice.

Yours truly,

Foreign Freight Agent.

There is attached to this a schedule of rates, which schedule, Mr. Brown, where he used the commodity, has used it in his schedule?—A. Yes, as far as I know.

By the Chairman:

Q. Is your answer 'yes'?—A. Yes, as far as I know.

The CHAIRMAN: Do you want these put in, Mr. Symington?

Mr. SYMINGTON: Yes, I think so.

The CHAIRMAN: Put them in as exhibits.

They are filed as Exhibit No. 96.

By Mr. Symington, K.C.:

Q. Now, you have suggested that he had taken a cubic foot basis, whereas they are now on a one hundred pound basis, as a reason for the discrepancy. If you will look at Exhibit No. 80, you will find the character of the commodities which are not compared; that is, the rates are given?—A. Yes, that is right.

Q. And he was asked why all that was necessary, at page 791.

"Q. Why have you omitted some, supplied the one and not the others?—A. Because the rate that we found in these cards of 1914, were per cubic foot, whereas now they are on the hundred pound basis, and it was difficult, very difficult in fact, to work that out.

Q. So that is the reason there are no vacancies in your percentage of increase column?—A. Yes.

Q. It was so difficult in working that out, because of the fact?—A.

Yes, we had no knowledge of the weight per cubic foot of these articles," so that cannot be the explanation?—A. The explanation of what?

Q. Of the discrepancies you claim?—A. No, it is not. I will show you one explanation right here. The tariff is here. Take handles, for instance: It shows, for handles, six cents a cubic foot. Here are handles, right in the tariff, specified. Now, what I say is that he did not have this tariff before him, but he took the general cargo rates in that rate list of handles. That is the one that was in effect at the time. He took, you remember, February, and this is dated January 13.

Q. Is this the Conference tariff?—A. Yes.

Q. Nobody had this but the Conference and their members?—A. That is right

Q. In those days, as you pointed out, the railways did publish rates?—A. In both letters that you have there he seems to have extracted the form in that letter to Mr. Morice, where he has the heading.

[Mr. W. T. Marlow.]

Q. You do not publish them any more?—A. No.

Q. Why?—A. Because there are so many commodities; the commodities are so varied and the changes are so varied, to-day, that we find it impracticable.

Q. There are lots of important commodities, are there not, Mr. Marlow, which you might publish?—A. So far as commodities are concerned they know exactly what the rates are.

Q. The tariffs now are all marked "private and confidential," are they not?—A. That was brought out.

Q. That is so.—A. Yes.

Q. Is that the reason you do not publish them now?—A. I do not know if that is the reason, but we do not publish them for the reasons we marked them "private and confidential."

By Mr. Shaw:

Q. Have you any objection to these being published, Mr. Marlow?—A. I can only speak for myself in that regard. Personally I see no objection.

By Mr. Symington, K.C.:

Q. But these were rates of the Conference?—A. Yes, these were rates of the Conference.

By Mr. Flintoft:

Q. As a matter of fact, interested shippers all have them too?—A. Absolutely. No, they have not.

Q. They have not?—A. No.

Q. Do they not know the rate?—A. They know the rate but they have not the tariffs.

Q. They have the rate they are interested in?—A. Yes.

The CHAIRMAN: They have to or they will not know what to pay.

Mr. FLINTOFT: Certainly.

By Mr. Symington, K.C.:

Q. Whatever criticisms you have to make of Mr. Brown's statements, which he put in, are contained in this exhibit that you have now filed?—A. That is right. No, I have not got the exhibit. You have filed it.

Q. Mr. Flintoft has it.

The CHAIRMAN: Has it been produced?

Q. Mr. FLINTOFT: It should be filed.

Mr. SYMINGTON, K.C.: They handed it to me and they said "we will put it in."

The CHAIRMAN: He has not put it in yet.

Mr. FLINTOFT: I asked him in his examination to do so and I thought he had.

The CHAIRMAN: Are the telegrams to be produced?

Mr. FLINTOFT: Yes, the original telegrams; put the whole thing in. You had better mark it as an exhibit.

The CHAIRMAN: Put the telegrams together. Do you think we should put in the London compilation of January 15, 1914.

The WITNESS: I have no objection, if they want it in.

The CHAIRMAN: We will print these.

EXHIBIT No. 97—Telegrams and statement *re* ocean freight rates.

Mr. FLINTOFT: As Mr. Brown's list is printed—

The CHAIRMAN: I have just ordered that. That is only fair.

[Mr. W. T. Marlow.]

By Mr. Symington, K.C.:

Q. In connection with westbound rates on the tariff, which you have put in, they are on a measurement basis, are they not?—A. Yes, both measurement and weight. It depends on the commodity.

Q. It is very difficult to read from this book, or to arrive at what the rates are, to a layman's mind.—A. It depends on how the layman thinks. If he thinks only in weight, it is, but as he would have to, in shipping, if he could formulate in his mind what cubic measurements are, it is not.

Q. Without preparing the list of rates of commodities, so he would know what was going to be paid per hundred pounds, it would be difficult for him?—A. Yes, if you reduced it to a weight basis.

Q. But as a matter of fact the steamship companies and the railway companies do publish through rates from the Old Country upon commodities, in tariffs which are filed with the Board of Railway Commissioners?—A. No. The Canadian Freight Association publishes it, a railway organization. The steamship lines are not parties to that tariff.

Q. I will put it this way. The Canadian Freight Association does publish through tariffs to points in Canada, giving the ocean and rail rates?—A. That is right.

Q. Which is the rate upon which the goods are carried?—A. That is right.

Q. So whatever is in these tariffs in respect to that carriage is correct?—A. That is true.

Q. Now, is that rate made up of the ocean rate, the Montreal rate plus the Montreal rail haul to destination?—A. Yes, it is made up on that basis. As a matter of fact, there is 20 per cent off the United Kingdom rates in the ocean proportion.

Q. That is the way you proportion it?—A. Yes.

By the Chairman:

Q. I did not grasp that; will you explain it? 20 per cent off what?—A. I had better give a little history of this, Mr. Symington, so that the Committee will understand it. Some years ago it was found very difficult to give an intelligible rate to a merchant in the Canadian west. If you quoted him a rate per cubic foot or per forty cubic feet, and told him that added to that was a rate per hundred pounds, he got a complex figure which he did not understand, and he never knew what it was going to cost him to lay down his goods in Winnipeg, Calgary, Edmonton, or wherever it may have been.

Q. Goods originating in—A. Britain and Europe. So that the Canadian Pacific conceived the idea of publishing a through tariff from British and European ports to the Canadian west, in cents per hundred pounds. To do that they had to take more or less an approximate ocean rate; that is, they had to convert on an average and approximate basis, a measurement rate into a weight rate, and to that add the rate from the seaboard in Canada to the west. Finally, we developed it into the addition of the ocean rate less 20 per cent—which the Conference lines were willing to concede as a proportion of this through rate on traffic destined to the far west, to the rate from Montreal. In that way, in respect of the movement via winter ports such as St. John, Halifax and Portland, the difference between these ports' rates and the rate from Montreal is absorbed by the railway. This through tariff, which has been produced, or which has come out of this process, is the tariff which now Mr. Symington is referring to.

By Sir Eugene Fiset:

Q. That is westbound?—A. Westbound.

By Mr. Symington, K.C.:

Q. Then, Mr. Marlow, as you know, I had prepared and I have had certified by the Railway Commission, a list of rates on commodities, taking ports in Great Britain, to Winnipeg, and comparing them. The Committee will understand, from Mr. Marlow's explanation, that I do not suggest for one moment that all the increase is ocean increase, because it is not. I show no percentages at all. There is an increase on rail plus the ocean increase, which shows the increases on these commodities, and I would like to file this statement.

Mr. FLINTOFT: How is that divided?

Mr. SYMINGTON, K.C.: We could not possibly divide it, because it was some internal arrangement.

Mr. FLINTOFT: I have no objection to filing that; in fact, I have a similar list prepared which shows the percentages of increases in the through rates. These are the published rates. How they arrive at them, as I understand it from Mr. Marlow's explanation, they take 20 per cent from the ocean rate, and the absorption of the rail rate from St. John to Montreal. That is, it is the same even though the boat goes to Montreal, as though it goes to St. John.

The WITNESS: Yes, that is the idea. I wanted to say that the idea was to conserve this traffic; in addition to giving the merchant a rate in cents per hundred pounds, which he would understand when he was buying his goods f.o.b. Liverpool or Bordeaux, and to induce this traffic to move by Canadian lines through Canadian ports.

Mr. SYMINGTON, K.C.: I would like to file this list; they can all go in as one exhibit.

The CHAIRMAN: I order them produced as Exhibit 98, and we will order them printed.

EXHIBIT 98: Statement showing carload commodity rates, cents per hundred pounds, from ports in Great Britain to Winnipeg. 1912 and various subsequent periods.

By Hon. Mr. Sinclair:

Q. Mr. Marlow, you shrink the ocean rate 20 per cent?—A. Yes.

Q. And you shrink the rail rate from the winter ports?

Mr. FLINTOFT: We make the Montreal basis apply to the winter ports.

Hon. Mr. SINCLAIR: And take the regular rail haul from Montreal. The Montreal rate applies to the Maritime ports in winter?

Mr. FLINTOFT: Yes.

Hon. Mr. SINCLAIR: Without any excess?

Mr. FLINTOFT: Yes. We shrink the rate to that extent.

Mr. SYMINGTON, K.C.: The railway company?

Mr. FLINTOFT: Yes.

Hon. Mr. STEVENS: I wanted to suggest, Mr. Chairman, that we should be very careful not to jeopardize the granting of through rates, ship and rail rates, by any comparison that we draw. I think we should be very careful not to get into the position of this Committee putting its stamp of approval upon any question of the establishment of rail and water rates.

Mr. FLINTOFT: As a matter of fact, this situation is manifestly in the interests of the importer in the Canadian west and was fully enquired into by the Board of Railway Commissioners only a year ago, in connection with a complaint by the Manitoba Liquor Commission, with which Mr. Symington had something to do.

The CHAIRMAN: Then we will pass on to another phase.

[Mr. W. T. Marlow.]

By Mr. Flintoft:

Q. If I may, I would like to read a short extract from that judgment in regard to those through rates, to give you an idea of the underlying principles that are accepted by the Board in connection with these things.

Mr. SYMINGTON, K.C.: Nobody is questioning the propriety of that.

The CHAIRMAN: It is all right.

Mr. FLINTOFT: Then I need not read it.

By Mr. Symington, K.C.:

Q. Mr. Marlow, I understand you are a freight traffic man?—A. That is right.

Q. Speaking of Sir William's criticism of a boat like the *Urania*, for instance; do you say it is good to have a 14,000 ton steamer with 6,000 capacity only?—A. If you are going to make her a combined passenger and cargo steamer, I do not see how you can increase that.

Q. You do not see how you can increase that; that is your view?—A. That is my view, yes. That is suitable for running to Montreal.

Q. Without what he terms his nurseries, gardens, gymnasiums and so on.—A. Well, there is a competitive feature there, Mr. Symington, and that is this: if you do not make your service attractive via Canadian ports, it is no trick to book via New York or Boston; you are just going to drive so much business out of the St. Lawrence, and these people travelling to and from Canadian ports are spending so much money as they pass through; you are just going to drive it away because you are offering an inferior as compared to a superior service.

Q. You are speaking of the passenger service?—A. The passenger service, yes.

Q. Now do you or do you not know of any delay to tramp steamers during loading?—A. Oh, yes, there have been delays.

Q. Do you know of them having to go out into the stream?—A. Yes.

Q. Because of the liners coming in?—A. No.

Q. Never knew of that?—A. No.

Q. Why would they have to go out then?—A. On account of the way the grain market has been going. I have known tramps to come into Montreal for grain, and the grain to be at the Bay port. The grain sold to go on that steamer has not yet left the Bay port.

Q. Do you know of any cases where the tramp has had to leave, awaiting the convenience of a liner?—A. No, I do not.

Q. Do you know of none?—A. No.

Q. Do you have to do with that end of it?—A. In a general way I have. We have a marine superintendent who looks after the operation.

Q. And the loading?—A. Yes. Of course I am working with him all the time.

Q. What facilities would a cargo liner, not a Conference liner, have there in the matter of getting freight?—A. He would have every facility I would think. Of course, if he has not established a regular service and applied, as we all do each year, to the Harbour Commissioners for our berthing facilities, he would have to take whatever berthing facilities were available, that the Harbour Commissioners could give him; but if he came at the beginning of a season, like we do, and applied to the Harbour Commissioners for berthing facilities, I would think they would have to give him the same consideration in proportion to his business as they give us. In the public interest I do not see how they could do otherwise.

Q. With respect to getting business, Mr. Marlow, take the case of some of these brokers you mentioned; take Thomas Harling; if he goes to you for

[Mr. W. T. Marlow.]

space what does he get?—A. He does not book very much. He has booked business with us but he is not a regular broker; he does some business on his own.

Q. With the tramps?—A. With the tramps.

Q. And that is grain business?—A. Yes, generally.

Q. And perhaps some lumber?—A. Yes, and probably some pulp.

Q. And that is the extent of it?—A. Yes.

Q. That is, there is not a single broker in Montreal, or agent, doing cargo space?—A. Oh, yes.

Q. Outside of Conference lines?—A. Oh, yes.

Q. Who, for instance?—A. Guy Toombs; Robinson & Climo; Harling & Co. I don't know whether Grace, Limited, are there yet. Another firm I think is Hamilton Fielding. They will have customers, exporters who are their customers, and come to us and book space for them.

Q. That is what I am getting at. They come to a Conference line to book space?—A. No, they go to any line.

Q. Are there any other lines running in there to get cargo?—A. There is none at the present time. But, for instance, Guy Toombs will book with a non-Conference line at Boston. That does not prejudice him in our eyes, and he has done so, and does regularly via New York.

Q. He must come to the Conference lines for all his space in Montreal, for mixed cargo.—A. Well, to all the regular ports, I don't think there is anything but Conference lines running. Of course the reason for that is, as you know, there was very little, comparatively, general cargo available in Montreal.

By Hon. Mr. Stevens:

Q. What proportion is general cargo?—A. Our actual proportion of grain carried last year on our steamers, a lot of them passenger steamers, was 55 per cent, of grain alone, and if you take the grain and flour combined, you get 67 or 68 per cent.

Q. Take the whole of it, tramp and passenger-cargo liners, what would be the percentage of all grain and flour?—A. I would say the grain would run probably 80 per cent. Perhaps more. That is if you count in the grain that goes on the tramps.

Q. That is the basis upon which you have got to calculate.

By Mr. Symington, K.C.:

Q. In your local cargo boats, do you know your percentage?—A. You mean independent of our fleet generally?

Q. Yes.—A. No, I have not taken that out. About our liner cargo boats, the percentage would be very much greater of grain, it would be more like 60 odd per cent.

Q. And in your total, liner-cargo and passenger-cargo?—A. No, taking the whole fleet combined it is 55 per cent.

Q. You have nothing else but passenger-cargo and liner-cargo?—A. No.

Q. That constitutes the whole fleet?—A. Yes.

By the Chairman:

Q. Now of the cargo that goes out of the port of Montreal in the shipping season, what percentage would be represented by grain and flour, to the best of your knowledge?—A. Well, I have not taken out any statistics but I would easily hazard from 80 to 90 per cent, if you take both grain and flour.

By Mr. Symington, K.C.:

Q. Supposing I wanted to ship something, how do I find out the rates?—A. You have tariff offices. You can go to a broker or come to us direct. So far as we are concerned we prefer that you should come to us, or to one of

[Mr. W. T. Marlow.]

our agents. If you were in Ottawa, you would go to our Ottawa agent; or in Toronto to the Toronto agent. At any station on our line, you can make application and a telegram would come to us.

Q. On your ocean rates?—A. Yes.

Q. And that is the way it is done?—A. Yes.

Q. He would not be as wrong as the Toronto agent, you could rely on that?—A. Well the Toronto agent would not do his business that way, except for a list such as required by the Canadian Manufacturers' Association. I think I am quite correct in saying—and Mr. Flintoft would bear me out in this—that they compile an awful lot of statistical matter in their Association, and they are continually asking for lists of this and lists of that, and I presume it was in that spirit that a letter was answered.

Q. He answered in a statistical spirit?—A. If there had been any shipper particularly wanting a ship, our man would have sent a solicitor to him.

Mr. FLINTOFT: Our man would have been on the street in five minutes. There is a difference there.

SIR HENRY DRAYTON: Mr. Chairman, before we adjourn, in connection with other witnesses, I have already said that Mr. Low will have to be called, to produce the original proposals of Sir William Petersen, and the modifications from time to time made. Then also the Deputy Minister of Trade and Commerce to produce all existing subsidy contracts, and returns made by the different contractors, showing the profits made, and the services given under the different subsidy contracts; and in particular, all subsidy contracts made with the Royal Mail Steam Packet Company, and all returns made by that company. I do not know when we can reach this, but those avenues of enquiry are important.

The CHAIRMAN: How many more witnesses have the steamship interests that they wish us to hear?

Mr. MCKENZIE: I think there are only two, Mr. Chairman. They will not be very long.

The CHAIRMAN: Can you finish with those this afternoon?

Mr. MCKENZIE: Oh, yes.

The CHAIRMAN: Can we ask the Minister to come to us to-night?

Sir HENRY DRAYTON: I think we might have him and the Deputy this evening.

The CHAIRMAN: I am very anxious, and I am sure all the members of the Committee share this, to finish to-night.

The CHAIRMAN: Then I am going to ask the steamship people to have their witnesses here. I think, Mr. Symington, you are through with Sir William?

Mr. SYMINGTON, K.C.: Sir William has just asked me if he can go in for a few minutes, to clear up something Mr. Marlow has said. I do not know whether he can do it now.

The CHAIRMAN: We could give him a few minutes this afternoon, I should think. Sir Henry Drayton moves that we ask the Hon. Mr. Low to produce the original proposals of Sir William Petersen and modifications from time to time made, and that we also ask the Deputy Minister of Trade and Commerce to produce the existing subsidy contracts, and returns made by different contractors showing profits made in the service given under the different subsidy contracts, and in particular all subsidy contracts made with the Royal Mail Steam Packet Company, and all returns made by that company.

(Discussion followed.)

[Mr. W. T. Marlow.]

The CHAIRMAN: I will make this decision, which I trust will be acceptable to all. We will ask the Hon. Mr. Low to come and meet us to-night at our evening session, at half past eight o'clock, and we will ask him to produce the original proposals of Sir William Petersen, and any modifications of the same from time to time made, and we will ask the Deputy Minister of Trade and Commerce (Mr. O'Hara) to come before us to-night and have with him the subsidy contract made with the Royal Mail Steam Packet Company, and all returns made by that company in connection with that subsidy.

Sir EUGENE Fiset: That is all right.

The CHAIRMAN: Is that satisfactory? If so, this Committee will stand adjourned until three o'clock this afternoon.

The Committee adjourned.

The Committee resumed at 3.00 o'clock p.m., the Chairman, Mr. McMaster, presiding.

The CHAIRMAN: Mr. Donald and Mr. McKenzie, will you just continue?—Was there something that Sir William wanted to clean up?

Mr. DONALD: I do not know, sir, exactly; I left him down at the hotel and he said he would follow me up in a minute or two.

The CHAIRMAN: Let us get on with something else, then, because we are anxious to proceed quickly.

Mr. McKENZIE: It was suggested this morning that we had two witnesses, and I think we can commence with them now.

The CHAIRMAN: Who are they?

Mr. McKENZIE: Mr. Wolfe is here; he is a marine engineer of Montreal.

WALTER CHARLES WOLFE, called and sworn.

By the Chairman:

Q. What is your name?—A. Walter Charles Wolfe.

Q. Where are you when you are at home, sir?—A. Montreal.

Q. What is your business?—A. Superintending engineer, Canadian Pacific Steamships, resident in Montreal.

The CHAIRMAN: Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. What is your occupation, Mr. Wolfe?—A. Superintending engineer, Canadian Pacific Steamships, resident in Montreal.

Q. How long have you been associated with marine matters?—A. About 23 years.

Q. About 23 years?—A. Yes.

Q. Have you in that time been the chief engineer of any of the ships trading from the port of Montreal or the port of Quebec?—A. The last was the *Empress of France*, at Quebec.

Q. Is that one of the largest ships trading in the St. Lawrence?—A. Yes.

The CHAIRMAN: He was chief engineer of the *Empress of France*?

Mr. McKENZIE: Chief engineer of the *Empress of France*?

The WITNESS: That was before I was superintending engineer.

[Mr. Walter C. Wolfe.]

By the Chairman:

Q. What was the tonnage of the *Empress of France*?—A. About 24,000, I think; it was 20,000 to 24,000 tons.

Q. Dead weight?—A. Dead weight, around that figure, perhaps 25,000 tons.

The CHAIRMAN: I have put it from 24,000 to 25,000 tons dead weight.

Mr. McKENZIE: Mr. Chairman, it was my intention to introduce the evidence of Mr. Wolfe as that of a practical man and an expert, if that meets with the approval of the Committee.

The CHAIRMAN: You have heard the definition of an expert, given by the farmer, "An ordinary man a long way from home."

Mr. McKENZIE: I do not know whether Mr. Wolfe regards himself as a long way from home or not; he has been here long enough to make this his home.

By Mr. McKenzie:

Q. I understand that you inspected the *Rio Dorado*?—A. Yes.

Q. While it was at the port of Montreal?—A. Yes.

Q. You have also examined some of the evidence that has been given before this Committee?—A. Quite.

Q. Including the abstracts and also the logs of the *Rio Dorado*?—A. Yes.

By the Chairman:

Q. What is your answer to that?—A. Yes.

By Mr. McKenzie:

Q. A statement has been made that the *Rio Dorado* is more efficient than an ordinary, straight-sided ship, to the extent of something like 30 per cent. Have you any criticism to make of that statement?—A. It is not due to the corrugation, the whole of that; not by any means.

Q. Why do you say that?—A. In the first place, her draft was about 13 feet, coming out of here; under those conditions her corrugation could not have been in the water, so it would not have any effect, in so far as that is concerned.

Q. The lower portion of the corrugation was in the water?—A. I do not know her conditions with regard to corrugations, but her mean draft was 13 feet, so it could not be much in the water, if any. When I visited that ship, I found she was fitted with super-heated steam in the first place, and she was carrying the maximum temperature. That in itself will account for an economy of anything between 20 and 25 per cent in a new ship.

Q. In the saving of fuel?—A. In the saving of fuel, of 20 or 25 per cent, in the building of a new ship, installing it when she is being built. It does not give quite the same economy if you are running a ship that was using saturated steam, and then super-heated. The insulation of the ship has been carried to an exceptional degree. Quite a lot of money had been spent to conserve every little bit of heat possible to get the finest results. The forced draught installation for driving the air into the boilers is evidently a new arrangement, where the trunks are pocketed right up to the hottest space in the engine room, where the air blows into the fan. In this particular case the fans were trunked right up to the hottest part of the engine, and there getting a temperature of 150 degrees instead of 80 degrees, which would be normal; so there is an economy there. Further than that, the propeller is of exceptional design, a highly polished manganese propeller, which is not fitted in the ordinary tramp steamers. There is an increase in the speed, due to that, over cast-iron propeller. Of course the cost of it is much more than the cast-iron one.

By the Chairman:

Q. Just as a layman, I would think, if you could get an extra knot of speed from your boat it would be worth while putting a little more money in a propeller.—A. I am not giving these figures accurately, but it is around £70 for a cast-iron propeller, and it is about £2,000 for the bronze.

By Mr. Rinfret:

Q. Is not that liable to break?—A. No. All the better class of ships are fitted with manganese propellers to-day.

Q. May I ask you this question before you go along, because it has a bearing on the testimony. You say you visited the ship in an official capacity?—A. No; quite unofficially.

Q. How did you come in contact with all those facts which you are going to give us?—A. It is my business, such things as that.

Q. I mean, was it an ordinary visit to the ship or did you inspect it thoroughly?—A. How is that?

By the Chairman:

Q. Did you pay an ordinary visit to the ship or did you inspect it thoroughly?—A. I went down to see what I could.

Q. Did they let you see it or did you find it out by yourself?—A. I do not need to go around to the engine room to find out those things. My own practical knowledge tells me that.

By Mr. Rinfret:

Q. You went down to the ship and formed an opinion or did you make a thorough inspection of the ship?—A. Are you referring to the super-heating?

The CHAIRMAN: We are referring to everything you told us about.

The WITNESS: If you care to take super-heating—in the first place we have ships fitted with super-heating.

By Mr. Rinfret:

Q. Did you pay merely a casual visit to the ship or did you go down with the intention of visiting, to tell what you could about it?—A. With the intention of finding out what I could about it.

Q. Were you shown everything or did you find out by yourself?—A. No, I was with somebody.

By the Chairman:

Q. Whom were you with?—A. Must I mention it?

Q. I think so.—A. The chief engineer.

Q. The chief engineer showed you the ship?—A. Over the engine room.

By Hon. Mr. Stevens:

Q. Let me put it to you this way: You, as a marine engineer, met the marine engineer of the *Rio Dorado*?—A. Quite in a friendly way.

Q. And the two of you went over the ship, in which you were more or less interested, as a technical man?—A. Yes.

Q. I do not see anything wrong with that.—A. Yes. The chief engineer did not know why I went or anything else. I wanted the information myself, on the corrugated ship.

By Mr. Rinfret:

Q. I am not raising objection. I want to have some evidence in connection with it, if you have any.—A. The same as the Donaldson, I would go down to see the chief engineer of the Donaldson motor boat, when it comes here, to get the same information.

[Mr. Walter C. Wolfe.]

Q. Your purpose was to find out ordinary things and you went through it very carefully?—A. Very carefully, in the time at my disposal. I was not there quite three-quarters of an hour.

By the Chairman:

Q. I suppose a man of your experience could find out a good deal about a ship in three-quarters of an hour?—A. Yes, and you can find out a lot by yourself, without anyone knowing anything about it. They are quite different from the usual practice.

By Mr. Rinfret:

Q. Do you not think, if you were allowed, in an official capacity, to inspect a ship like that, that you could still form a stronger opinion about it?—A. No.

Q. You mean to infer that you say it all in that short space of time?—A. No, not all the ship. I am speaking particularly about her engine room.

Hon. Mr. STEVENS: He is telling us what he did see.

The WITNESS: I am telling you what I did see. There are lots of things I did not see in that time.

By Mr. Rinfret:

Q. My point is, that you went on board the ship, you spent three-quarters of an hour on board the ship and the people on board the ship made no effort to show you certain things, which perhaps escaped your attention, therefore we cannot accept your opinion as being final, in that short time?

Sir HENRY DRAYTON: He said the engineer showed it to him.

Hon. Mr. STEVENS: How would it be to let him tell us his opinion and we can size it up?

By Mr. Rinfret:

Q. If I could avail myself of the services of this gentleman, I would ask him to go on board again, in an official capacity.

The CHAIRMAN: The boat is not here now.

Mr. RINFRET: That is the only reason for the objection I wanted to make. He went down to the boat and saw the chief engineer, and the chief engineer and he spent three quarters of an hour looking at the different aspects of the boat, the propellor, and the motive power of the ship.

The WITNESS: The motive power principally. That is what I was interested in.

By Mr. McKenzie:

Q. As far as your inspection of the boat was concerned, did you have sufficient opportunity and time to obtain all the information you required, to come to some constructive opinion?—A. Quite.

Q. And you were with the chief engineer of the ship at that time?—A. Quite.

Q. I have no doubt you asked him all the questions you wished to, at that time?—A. Yes.

Q. And you received whatever answers you thought were necessary to your interrogatories?—A. Yes.

Q. In your business, have you had occasion to delve into the merits of super-heating?—A. Yes. Two or three of our lines are built, fitted with super-heaters, and one, which is in port now, the *Minnedosa*, has been changed from saturated steam to superheated steam and she has made six voyages across the Atlantic under the superheating conditions, and the economy, we find there is,

20 per cent at least due to superheating, and that is what the manufacturers of superheating expect to get. They will guarantee you anything up to about ten—

Q. Who are the builders?—A. The North Eastern Marine Engineer Company. They are the same people who put the superheating into the *Rio Dorado*.

Q. What are their declarations with regard to economy?—A. I will just read from the North Eastern Marine Engineering Company's—

By the Chairman:

Q. Their pamphlet?—A. Their pamphlet and records of their ships which had been fitted.

Q. Is this the same company which installed superheating in the *Rio Dorado*?—A. Yes.

(Reads)

ECONOMY IN STEAM CONSUMPTION

The reduction in steam consumption to be obtained by using superheated steam, instead of saturated steam, is 20 to 25 per cent, in the case of triple expansion engines working at about 180 pounds per square inch.

Those are the conditions of the *Rio Dorado*. She has triple expansion engine working at 180 pounds pressure.

"The superheated steam temperature under these conditions would be about 600 degrees fahrenheit.

Under similar conditions with turbines, the reduction in steam consumption will amount to 16 to 20 per cent."

There is also a paragraph here in regard to the maximum efficiency. I do not believe you want to hear that.

(Reads)

"Marine practice is closely following the lead given by land practice and shipowners are recognizing that, to attain maximum economy in their vessels so as to allow them to be run profitably in the days of keen competition, they must be fitted with superheaters."

These are records in some other cases, where the gain in the boats have been 18 to 20 per cent, due to superheating alone, and our experience is identical with that, in our own company. The ships are in port and can be seen.

Q. She has triple expansion, highly efficient engines, of the most modern type, and care had been taken of everything in the engine room, to get the maximum efficiency out of the machinery.

By the Chairman:

Q. It was a Scotchman, who was the chief engineer?—A. Yes. I do not say he designed it though.

By Mr. McKenzie:

Q. Is this extraordinary or ordinary equipment in an ordinary cargo boat?—A. No. To-day, new ships are being fitted with it. It is not general, by any means.

Q. Not general?—A. No.

Q. Have you any idea how long it takes, or can this particular equipment be placed in any of the ships which we have plying in the St. Lawrence?—A. Yes, it would take around about five or six weeks to install it, that is, providing all the plans are ready, before they start on the job.

[Mr. Walter C. Wolfe.]

Q. With regard to the data that we have before us, in the logs and in the abstracts of the logs, what bearing would these have upon the construction of the ship?—A. I did not quite get that.

Q. What I want you to bring out is this. We have had the logs of the *Rio Dorado* before us; we have had the evidence of both the captain and engineer, and they have said that that is a representative voyage of the ship in question?—A. Quite.

Q. Now, what I want to find out—and I think it will be of interest to the Committee—is whether or not the construction of the ship has any bearing upon these figures, that is, with particular reference to the corrugation?—A. Well, I would not say that there was not a slight economy gained by the corrugation. What that is, no expert opinion of to-day has stated. There has been a lot of controversy over it but there is no expert opinion in Britain which has so far stated what is due to the corrugation, but in any case I would say it is not above nine per cent. There is a slight economy in the corrugation but it is very slight.

Q. Would you say that that could be established by the last trip out of the *Rio Darado*?—A. No.

Q. Why?—A. As I said before the ship was only drawing 13 feet of water, and the best part of that corrugation must have been out of the water.

By the Chairman:

Q. Excuse me: We have had evidence to the effect that the second bulge of the corrugation is almost as low, though not quite as low as the keel, so that even if the ship was drawing 13 feet, would not the lower two corrugations be pretty well submerged or entirely submerged?—A. No.

Q. As I understand it, the first corrugation is a little above the water line or about at the place of the water line. One says lower; the second corrugation is a certain distance below that, and my recollection was that the second corrugation gave out and almost made the ship a great deal broader on her bottom than she otherwise would be. That is my recollection.

By Mr. McKenzie:

Q. There is a photograph, which perhaps the witness can explain, as to just exactly what he means.—A. Yes, it must be above that, because to get to the bottom of the ship, you have your bilge keel, and that must clear first, and there must be three or four feet below that bilge keel and the commencement of the boat.

Q. Does that show both corrugations?—A. No. The greater part of the lower one is above the water.

By the Chairman:

Q. Your photograph shows the two corrugations?—A. Yes.

By Mr. McKenzie:

Q. Would you explain that to the Committee? Just show the photograph. Probably you had better stand up.—A. The photograph here shows the water, which is at the bottom of the lower corrugation.

By Hon. Mr. Sinclair:

Q. What condition is she in, loaded?—A. No, she is light.

By Mr. Rinfret:

Q. Does it go fully into the water?—A. It goes beyond the upper corrugation.

By Hon. Mr. Sinclair:

Q. Was the boat floating, in that photograph?—A. Yes.

The CHAIRMAN: There ought to be no question as to this; we should be able to get evidence to show exactly how much of the boat was submerged on her way out. She came out in ballast; the ballast may have been sufficiently heavy to have sunk her below the first corrugation.

Mr. SYMINGTON, K.C.: My instructions are that she had sufficient ballast.

The CHAIRMAN: The lower corrugation was altogether submerged?

Mr. SYMINGTON, K.C.: That was taken in the China Sea, after she was unloaded.

By the Chairman:

Q. Taking that for your assumption, Mr. Wolfe, that the lower corrugation was submerged, what effect would you say as an expert that would have on the speed and stability of the boat?—A. I do not see that that would have any effect on it at all. If that was effective, you would not need the other corrugation; if the lower was effective as it is you would not need any more.

By Sir Eugene Fiset:

Q. The second corrugation is used; the first corrugation is submerged, and the second is used for that purpose only as Sir William Petersen told us?—A. As I understand, it is the concave part of the corrugation that is the effective part. With reference to the water getting to the propeller, that is due to the one thing only; it cannot be both.

By Mr. Rinfret:

Q. You mean the second corrugation is not submerged?—A. No. It is submerged when the ship is loaded, but not when she is light.

By Mr. McKenzie:

Q. The evidence we have is that the ship was light coming out, in ballast, and as I understand it, when in ballast it would not submerge the first corrugation?

The CHAIRMAN: That is not the assumption I asked the witness to make. I asked the witness to make the assumption that the first or lower corrugation was submerged.

Mr. SYMINGTON, K.C.: Not only that, the boat came out with 3,100 tons of ballast, with coal and so on. She was submerged, I am instructed, to the lower corrugation. The space between the upper and the lower corrugation is exposed partly on the water.

The WITNESS: No. On a light draft of the ship, which is 13 feet, and that is the only thing I have as to her main draft coming out.

By the Chairman:

Q. Did the engineers give you that?—A. No, I got that on the indicator card which I understand was found in Mr. Robb's room, after the log was taken away. I have no knowledge of it other than that.

Mr. FLINTOFF: No, it was in the room here.

By the Chairman:

Q. Anyway, you say the indicator card showed what?—A. 13 feet, a 13-foot draft.

Q. Could you tell whether or not the corrugations would be exposed, or one of them?

[Mr. Walter C. Wolfe.]

Hon. Mr. SINCLAIR: If we want to get this information, Mr. Chairman, we should get it from the proper authorities. The owner of the boat is right here.

The CHAIRMAN: You are right, Mr. Sinclair.

By Mr. McKenzie:

Q. With a 13-foot draft, would it cover the first corrugation?—A. I think so; I cannot say definitely.

Mr. MCKENZIE: At any rate, Mr. Chairman, if we are to accept the evidence we have before us, that the concave corrugation is an important part as far as economy is concerned, it would seem to follow naturally that if every part was not submerged, the avoidance of dead water would not be accomplished.

The CHAIRMAN: Mr. Symington says his instructions are that she came out in ballast, that the ballast was sufficiently heavy to submerge the lower corrugation and the space between the lower and the upper corrugation. We will get that exactly, anyway. In any event, I understand the witness to say that he does not think the presence of these corrugations would amount to more than 9 per cent.

The WITNESS: Yes, under loaded conditions.

By the Chairman:

Q. Do I understand you, saying 9 per cent, to mean that it would reduce the coal consumption by 9 per cent?—A. No, sir, over all efficiency.

Q. What does over all efficiency mean in engineering?—A. It means taking everything into consideration. I suppose that takes in the cargo-carrying capacity of the ship, and the whole performance of the ship, everything included.

Q. We have 9 per cent for the corrugations, but that is an estimate?—A. That is an estimate, on my part.

By Hon. Mr. Sinclair:

Q. Have you had any experience yourself, Mr. Wolfe?—A. Not in corrugations, Mr. Sinclair. I made it clear before that there is no authority in the United Kingdom that will say exactly what the economy is.

Q. Is your estimate based upon any experience of your own?—A. Upon a corrugated ship?

Q. Yes.—A. I have had none.

By the Chairman:

Q. Why do you say 9 per cent?—A. Just from reading up the papers, the trials of ships; I do not think it could possibly be more than 9 per cent; some say 8, some say 12, some say one thing and some another.

Q. From your sizing up of the best opinion on the subject, the efficiency is increased about 9 per cent?—A. From the best information available.

Q. Then we have the benefit of superheating; that is how much?—A. That is from 20 to 25 per cent economy in fuel alone.

Q. That is pretty nearly the 30 per cent, is it not?—A. I don't know what that 30 per cent is.

Q. I understood Counsel said that evidence had been given to the effect that the *Rio Dorado* was 30 per cent more efficient than some other craft; you will correct me if I am wrong, because I do not want to put wrongful words or incorrect words in your mouth. If the general efficiency is increased by 9 per cent, and the fuel consumption is decreased from 20 to 25 per per cent by superheating, then the economy of operation would be pretty nearly

[Mr. Walter C. Wolfe.]

made up, would it not? Perhaps you meant that the 30 per cent increase over boats not having these improvements might not be out of the way?—A. That does not follow, sir. What speed are you referring to?

Mr. MONTGOMERY, K.C.: The witness said it might not be attributed to the superheating, that other boats were not superheated, and they got the same results.

Mr. SYMINGTON, K.C.: Quite so.

The CHAIRMAN: I was just getting this witness' summing up of the situation.

By Mr. McKenzie:

Q. Sir William Petersen's evidence was that it was entirely attributable to the corrugation, not the superheating.—A. Was that regarding the corrugation and the construction of the ship?

By Mr. Rinfret:

Q. He was taking into consideration the cost of the ship, the superheating, and the propellers?—A. It would be increased, as far as the efficiency of the machinery is concerned, and the like of that, but I could not tell you what the cost of the ship was, Sir William Peterson could tell you that.

Q. You would not know how much it would cost to build a ship of this description?—A. I could not say that.

By Mr. McKenzie:

Q. We have it in evidence here that this ship was known (the Rio Dorado) as non-rolling. Have you any criticism to make of that statement, in other words, that she does not roll?—A. On one page of the log book I find an entry that the ship was rolling.

Q. There is an entry in the log book?—A. Yes, "vessel rolling."

By Hon. Mr. Sinclair:

Q. What kind of weather would it be then?—A. There was a beam wind, a rough sea, and the vessel rolling.

Mr. SYMINGTON, K.C.: That is a comparative term.

The WITNESS: The weather must have been very mild, because the slip is 10 per cent, which is normal.

By Hon. Mr. Sinclair:

Q. The evidence is that there is very little slip, on these boats?—A. That would not be entered in the log book, as it is not entered on the other days.

By Mr. McKenzie:

Q. What does the record show, as to the slip?—A. 10 per cent, on that particular day.

Q. And the average?—A. That is an average; sometimes it is lower than that.

Q. What is the maximum; I think that is shown?—A. The average for the voyage, on this particular voyage, is 10.9; the maximum is 21.2; the maximum slip.

By Hon. Mr. Stevens:

Q. What are you reading from, Mr. Wolfe?—A. A copy of the engine room log book.

Mr. McKENZIE: Mr. Chairman, the Exhibit is at page 693, Exhibit 76. In about the third or fourth last column, it gives the percentage slip.

By Mr. McKenzie:

Q. So unquestionably there was rolling and slip, as far as the ship was concerned, Mr. Wolfe?—A. Yes. I have seen it 8, I have seen it 7, and I have seen it 6.

By Hon. Mr Sinclair:

Q. What page in the log book is it?—A. It is on the page May 4th; that is the abstract. It shows it there; it shows the engines racing and the ship rolling.

The CHAIRMAN: Of course it would be a very remarkable thing if a ship was coming across the Atlantic in ballast and she met with a fresh wind and a cross sea, if she did not roll.

Mr. MONTGOMERY, K.C.: He said it was non-rolling, anyway, Mr. Chairman.

Mr. McKENZIE: The same interest applies, Mr. Chairman, to the question of slip. You will notice in the Captain's statement, at page 667, he said the ship does not slip, in other words there is no slip. I think that should be of interest to the Committee, in contradiction of the evidence submitted by the Captain.

The CHAIRMAN: May I submit another question to Mr. Wolfe?

By the Chairman:

Q. What effect, if any, do you think the corrugations have on the stability of the ship?—A. What do I think.

Q. What effect, if any, in your opinion of course, do corrugations have upon the stability of the ship?—A. I don't think they would have any effect.

By Mr McKenzie:

Q. With regard to the repairs, we have it in evidence, in the Captain's statement of the *Rio Dorado*, that there were practically no repairs. That is at page 664. In your examination of the records of that ship, what would your comment be in regard to repairs, Mr. Wolfe?—A. I notice some entries in the log books regarding some cast iron pipes being damaged; and breaking of one of the valves of the boilers; and one or two other little items, which are quite usual in some ships.

By the Chairman:

Q. Would those be repairs that the engineer's crew would be able to make themselves while the boat was sailing?—A. No.

Q. Or would they be repairs which would have to be effected when the boat got to port?—A. It is a very unusual thing to see a cast iron bilge pipe broken. It must be some strain that came on it to break a cast iron pipe. Some tension strain came on it. That is not usual.

By Mr. McKenzie:

Q. As an expert, to what would you attribute that breaking of the pipes you have mentioned?—A. It looks very much to me as though there were some strain coming on those pipes.

Q. We have it in evidence that there is practically no strain, due to the non-rolling quality of the ship.—A. A cast iron pipe is not likely to break in compression, so it must be a pull on it that broke it. That points to a strain. Those pipes are clipped to the limbers along the bilge, from one end to the other. So there must have been strain.

By Mr. Symington, K.C.:

Q. What voyage is that you are speaking of?—A. It is entered on May 11, in the logbook of the *Rio Dorado*.

[Mr. Walter C. Wolfe.]

By Mr. Sinclair:

Q. Voyage number?—A. I don't know what voyage number it is.

By the Chairman:

Q. I was told in Montreal the other day that when a ship goes to sea new there has to be as a rule a good many things done, generally effected by the engineer's crew, while the ship is finding its way, while the engines are "running in" I think is the proper term. Is that so?—A. I can give my experience of ships building in the yards. In Glasgow I have seen parts of the machinery repaired before they leave the builder's yard. Auxiliary pumps and things of that sort sent ashore through fair wear and tear; they have been working probably eight or nine months before the ship comes out of the builder's hands, and the minute the ship starts there is always repairs whenever there is machinery running.

Q. I was told the repairs would be somewhat numerous, although perhaps not important, when a ship began her career?—A. At any time there is as much as perhaps from four to twenty-five engineers working, according to what the ship can do in the port, and sometimes you may have to give them assistance.

By Mr. McKenzie:

Q. I would submit, Mr. Chairman, that is generally accepted, but in the captain's evidence, the question was asked by Mr. Symington at page 664:

"But there are running repairs all the time, are there not, on a ship?"

—A. Well, on some ships, but not on these corrugated ships."

So the only interest we have in introducing Mr. Wolfe's evidence is to contradict statements such as those.—A. There is another entry in the chief officer's log-book which states that the cargo was damaged in the holds. I will find what date it was.

Q. Would you look up that evidence, Mr. Wolfe, please?—A. Yes.

Mr. RINFRET: The answer was that no repairs were incurred at the time.

Mr. MCKENZIE: She was on a 25,000 mile voyage, I understand, Mr. Rinfret.

Mr. SYMINGTON, K.C.: Yes, and he gave us the repairs he had later in his evidence, that he had on that trip so many pounds. He froze those pipes in Vladivostock.

Mr. MCKENZIE: I am referring to this last trip, not the Vladivostock trip.

By Sir Eugene Fiset:

Q. What was the approximate cost of those repairs?—A. I did not see the pipes, sir, I cannot tell you. I don't know whether they were four, five, or six inch pipes, nor how long it was. It may have been a short pipe, or a pipe fifteen feet long. There would have to be a new pipe made, being a cast iron pipe.

By Mr. McKenzie:

Q. In your examination of the records, Mr. Wolfe, are you quite through on that?—A. Well, in the chief officer's logbook, at 3.45 on Wednesday, April 22, while the ship was in Hull, there is an account of damaged cargo in the bottom of Number 4 hold. On the next day, 9 a.m., the surveyors were on board surveying it. That indicates another repair necessary there, and in the engineer's logbook he says the ballast is leaking, and he is pumping the ballast donkey on No. 3 hold for three or four consecutive days.

Q. What days are those, Mr. Wolfe?—A. May 4th, ballast donkey pumping on No. 3 hold; May 5th, the same, May 6th, the same entry. And ballast donkey on the 7th.

[Mr. Walter C. Wolfe.]

By Hon. Mr. Sinclair:

Q. Those are the days the engineer records rough seas?—A. Well, that indicates another repair. It does not only indicate that water is coming through slightly in the bottom but is coming out through the tank into the hold and getting into the bilges.

By Mr. McKenzie:

Q. From your examination of the record what have you found to be the best speed that the *Rio Dorado* has made, on the last voyage, Hull to Montreal?—A. The indicator cards were taken on May 7th, and I notice the engines were opened out to their maximum capacity on that occasion, which is quite usual when you take a set of cards, you get the maximum power out of her, and she only developed 1,707 horsepower, and the ship only made 11.06 knots, under extremely fine conditions, because the slip was down to 7.2 per cent against 10.9 for the average for the voyage. Showing that that must have been a finer day or the slip would have been greater. So that gives her maximum speed as 11.06 with the engines at maximum capacity, according to the indicator card.

Q. What do you say the weather conditions were?—A. The weather conditions must have been very fine, because the slip of the propellers was down to 7.2 per cent as against an average of 10.9, showing that it was away down below the average.

Q. And the slip would have a most decided bearing on the speed of the ship?—A. Undoubtedly; yes. Her maximum speed must be around about 11 knots under extremely fine weather conditions.

Mr. SYMINGTON, K.C.: The weather conditions are shown: "Variable breeze, and slight sea."

The WITNESS: On which day, sir?

Mr. SYMINGTON, K.C.: On the day you quote.

The WITNESS: On May 7th, yes, that was a very fine day.

Mr. SYMINGTON, K.C.: The previous day was a much finer day.

The WITNESS: The slip of the propeller is a far better guide to the condition of the weather than the remarks regarding the weather.

Mr. SYMINGTON, K.C.: On the day previous there was only a five per cent slip instead of 7.2.

The WITNESS: Yes, but I am taking the average for the voyage. It was supposed to be an average voyage. Which is 10.9 slip.

Hon. Mr. STEVENS: The day before that was 10.2.

The WITNESS: There was a day when it was down to one.

By Mr. McKenzie:

Q. What was the reason for that?—A. The ship was coming through the Pentland Firth with a very strong current in her favour. Although the engines were driving her through the water, the water was carrying her so much over the land, and the slip goes away down. Sometimes you will get a minus slip. I have seen it minus 6 or 7 per cent. You beat yourself.

By Sir Eugene Fiset:

Q. Is it your opinion that on this one voyage only, it is not possible to judge of the exact capacity of that ship?—A. That is on one half voyage?

Q. On that voyage only. Having only one voyage, can you judge of the quality of the ship by one voyage only?—A. No, you cannot. That is impossible, sir, taking it on one voyage.

By Hon. Mr. Stevens:

Q. I would like to ask Mr. Wolfe one or two questions. Having regard to the supposed greater efficiency of this vessel, do you attribute that more to the super-heating steam attachments than to any other cause?—A. I do.

Q. If you will look at this log. I am showing you page 693 of the printed evidence; the log, showing the slip from day to day. Is that record of slip for that voyage at variance with the record of uncorrugated ships?—A. It is high, to some. The last ship we had in here, I was looking up her records, and she was 8.2 per cent slip from Glasgow across here, average for the whole voyage. Then again, on bad weather conditions she might be 13, 14 or 15. Sometimes it is down to 3, about the lowest we get on a trip across.

Q. As an expert engineer, you do not consider this abnormal?—A. Nothing out of the ordinary to what we get every day as far as slip is concerned. Ten might be a shade if anything high. We reckon certain ships are about 8 and 9 per cent slip.

By Mr. Kennedy:

Q. The same tonnage capacity?—A. Well, that does not make much difference. The speeds, you are not taking into comparison, speed, you see.

By Mr. McKenzie:

Q. Mr. Wolfe, has it been part of your duties to examine the records of coal consumption for your ships?—A. Yes.

Q. Have you examined the records which have been submitted to us by the chief engineer of the *Rio Dorado*?—A. Yes.

Q. Would that abstract produced as Exhibit 76 have been sufficient for you to come to any constructive conclusion as to the coal consumption of that ship on a round voyage?—A. No, it is of no value at all as far as that is concerned.

Q. Why do you say that?—A. Because there is no port consumption shown either in Hull or in Montreal and what he is reckoning he is going to burn in Montreal I don't know.

Q. In the evidence of the chief engineer on page 694 he said he had burned 278 tons less one ton. Now would you tell the Committee whether or not you have any criticisms to make of that statement, as to its accuracy?—A. He states there that on the voyage from Hull to Montreal he certainly only burned that amount of coal because there was a ton remaining in the bunker when he got to Montreal. By his own figures he states he burned 278 up to Father Point. He shows that. Then he said he burned 26.1 tons to Montreal. That gives you 304 tons he burned to Montreal. He could not have one ton left in that bunker, if he used it from nowhere else, so it indicates that coal is being taken from somewhere else and used for the propulsion of the ship, if he had one ton left in that bunker as he stated he had. Then referring to the coal he had leaving Hull, which was 928 tons, I think—928 tons on the ship leaving Hull. And then arriving he has down that he had 632 tons, I think. That gives him 296 tons he burned. So there is three different statements as to what he burned.

Q. Yes, but on page 684 he says, "When we arrived in Montreal we had burned" all this, or all that, "less one ton, so we knew exactly the quantity we burned." Then in addition to that there was the 26 tons.—A. Twenty-six tons which he stated he burned coming from Father Point to Montreal. That gives you 304 tons. And his records of coal leaving Hull and coal remaining in Montreal shows 296. According to his logbook here, he left there with 928 tons and he arrived in Montreal with 632 tons, so that is 296 tons.

Q. How many different results do you get from a perusal of the logbooks and the abstract?—A. Well there is quite a lot of inaccuracies here. For instance on the last page of the log he states that the ship travelled 292 miles from noon on May 13 until the arrival in Montreal. Now as a matter of fact, she was 88 miles below Father Point at noon on that day and taking the distance to Montreal, it makes it that the ship travelled 393 miles. And he has allowed there in his log book only 26 tons of coal from noon of that day until 10 o'clock the following night. The ship travelled 393 miles, which, at 11 knots, would be somewhere around 34 hours' steaming. How could she burn 26 tons and steam 34 hours, because she has been burning a ton an hour—

Mr. SYMINGTON, K.C.: I do not quite follow that.

Hon. Mr. STEVENS: May be she drifted upstream.

The CHAIRMAN: May I ask a question, here?

By the Chairman:

Q. Would she make 11 knots an hour coming up the river?—A. No; I have been generous in allowing that speed. It would be nearer 37 hours' steaming. Further than that, the ship did not get to Montreal at 10 o'clock. I have it from the Chief Officer's log-book that she anchored at St. Michael, and came in about 6.40 o'clock the following morning. St. Michael is just below Longue Pointe. She did not arrive in Montreal until 6.40 on Thursday morning.

By Mr. Rinfret:

Q. What is the distance between Montreal and St. Michael?—A. About nine miles—I would not be certain of that figure.

Mr. MONTGOMERY, K.C.: It would be more than that.

The CHAIRMAN: I thought it was more.

Mr. FLINTOFF: I thought Longue Pointe was about 12 miles.

The CHAIRMAN: From where we measure the port of Montreal—the port of Montreal runs down below Maisonneuve.

The WITNESS: At 10.40 on the night of Wednesday she dropped her anchor, and lifted anchor at 5.20 the following morning, and got alongside the wharf at 6.20 on Thursday morning. That makes the number of hours she was steaming on that 26 tons of coal from noon of one day, all that day, and all that night until six o'clock the following morning, so she must have been about 40 hours, and only burned 26 tons.

By the Chairman:

Q. During the night, she would not burn any coal?—A. The fires are banked. You cannot let the fires off the ship. When she is at anchor she is all ready to move at a moment's notice. You have to keep steam up on the ship, and steam was kept up on this ship until she arrived at the Laurier pier.

The CHAIRMAN: My first guess of 20 miles was not so far out. Proceed, Mr. McKenzie.

By Mr. McKenzie:

Q. What record do you find, Mr. Wolfe, as to the coal remaining in the bunkers when the *Rio Dorado* arrived at Father Point? She arrived on the 12th of May. What was the number of tons remaining in the bunkers—just check that up, please—at noon of that day?—A. 658.1 at noon of the day of arrival at Father Point.

Q. I notice in Exhibit 76 the number of tons remaining at Father Point in the bunkers was 650. That would be a discrepancy of eight tons would it not?—A. Yes.

[Mr. Walter C. Wolfe.]

Hon. Mr. SINCLAIR: How do you make up that 658, Mr. McKenzie?

Mr. McKENZIE: The 658 appears on the Engineer's log, Mr. Sinclair, under date of May 12. On hand on that day was 682 tons, and expended, 24 tons; that leaves a balance of 658.

Mr. SYMINGTON, K.C.: Where do you get that?

Mr. McKENZIE: It is in the Engineer's log. As against that, in Exhibit 76, the number of tons remaining, at Father Point, was 650. That is at the bottom of page 693, Mr. Sinclair.

Hon. Mr. SINCLAIR: I do not understand how you make up the 658. 650 shows on the log.

By Mr. McKenzie:

Q. Will you explain, Mr. Wolfe, how the 658 is made up—from the Engineer's log?—A. This abstract is right up to Father Point, which is eight hours past noon, and this (indicating) is made up until noon.

Hon. Mr. SINCLAIR: It is a difference of eight hours in calculation?

The CHAIRMAN: At about a ton an hour?

Hon. Mr. SINCLAIR: It is quite clear now, but we ought to have more similar computations.

Mr. McKENZIE: In taking Exhibit 73, it is given as a port to port estimate.

Mr. SYMINGTON, K.C.: An estimate? That is not an estimate at all.

Mr. McKENZIE: Then let us take it as an actual statement of fact, Mr. Symington. I am satisfied to accept it as such.

The CHAIRMAN: Counsel will please direct their observations to the Chair.

Mr. McKENZIE: Mr. Chairman, it seems to me that Exhibit 73 is misleading: it certainly was misleading when I examined it. It is at page 658.

Mr. SYMINGTON, K.C.: That is the Captain's abstract?

Mr. McKENZIE: It is the Captain's abstract.

The CHAIRMAN: It is called an abstract passage from Hull to Montreal. You say it is misleading, Mr. McKenzie? In what regard, sir?

Mr. McKENZIE: The total distance is given as port to port, appearing at the bottom of the page. The heading is "Abstract Passage from Hull to Montreal; Total distance, Port to Port, 3,019 miles; total consumption 278 tons."

Hon. Mr. SINCLAIR: Mr. McKenzie, is it not usual on board ship to measure the distance from the point where you put off your pilot, outwardbound, until you take on the pilot on the other side?

Mr. McKENZIE: My understanding was directly to the contrary, Mr. Sinclair. My instructions are that "from port to port" means the same as "from quay to quay."

Mr. MONTGOMERY, K.C.: Is 3019 miles the difference from Hull to Father Point or from Hull to Montreal?

Mr. SYMINGTON, K.C.: From Hull to Father Point.

The CHAIRMAN: If it is from Hull to Father Point, then the heading may be a little misleading, but the facts seem to be correct.

Hon. Mr. STEVENS: Not only is that the case, but she was steaming, I think, from some time in the afternoon, until 2.15 in the morning, when she dropped her pilot outside of Hull, down the river. I think that is seven or eight hours' steaming.

The CHAIRMAN: The witness says he thinks he can clear that up, and we will give him the opportunity.

The WITNESS: On all ships we make a record of point-to-point distance--

Hon. Mr. STEVENS: The log will show that--

The CHAIRMAN: Let the witness finish his answer, please.

The WITNESS.—the point to point distance is from the time you drop your pilot at one point until you pick him up at another. Then there is another record from port to port. This record (indicating) should be "point to point," because it is not from the time of leaving Hull, but from the time of leaving the light-ship, 20 miles distant from Hull. The distance to Montreal is 3,357 miles, port to port. If this is port to port, the mileage should be 3,357.

By the Chairman:

Q. From Hull to Montreal is?—A. 3,357 miles.

Q. Therefore this total distance is really point to point instead of port to port?—A. Yes.

Q. If you changed the words "from port to port" to "point to point." it would be right?

Mr. FLINTOFF: Except that the heading is misleading.

Sir HENRY DRAYTON: That would be the abstract passage from point to point, instead of from Hull to Montreal?

Hon. Mr. SINCLAIR: Hull to Montreal is just the same—

The CHAIRMAN: The total distance should be, point to point, 3,019 miles.

Hon. Mr. STEVENS: The difficulty with this whole schedule is that it is given to us as a typical voyage; the amount of coal consumed was doubled, and we were told that represented the total amount of coal per voyage. That does not allow for steaming up the St. Lawrence, and steaming down the St. Lawrence, and does not allow for picking up the pilot outside of Hull and taking the boat into Hull.

Mr. SYMINGTON, K.C.: Mr. Chairman, he allowed £50 in money for that; £550, and £50, makes up the total of £600.

Hon. Mr. STEVENS: It is presented to us as a typical voyage, and I say it is not.

Hon. Mr. SINCLAIR: It is presented as an actual voyage.

The CHAIRMAN: Typical of what the boat could do.

Hon. Mr. STEVENS: It is presumed to typify an actual example.

Mr. McKENZIE: Typical of an actuality.

Hon. Mr. STEVENS: But it is not; it is only part of a voyage.

The CHAIRMAN: By the way, has the boat arrived at Hamburg, Sir William?

Sir WILLIAM PETERSEN: No, not that I know of. I have no information.

The CHAIRMAN: Now then, Mr. McKenzie, your next question, please.

By Mr. McKenzie:

Q. From your calculations, Mr. Wolfe, what has been the total time from quay to quay in that voyage, from the time she left Hull until the time she arrived at Montreal?

Mr. MONTGOMERY, K.C.: I wonder if Sir William has information as to where that ship is. She was supposed to land last night, but, as a matter of fact, she was off the North of Scotland.

Mr. FLINTOFF: She passed Dunnet Head, last night.

[Mr. Walter C. Wolfe.]

Sir WILLIAM PETERSON: May I clear up that statement? I have some information, but not of her arrival. I have information that her bunkers took fire from spontaneous combustion, and she has had great delay in putting out the fires in the bunkers. As you know, it sometimes takes days to put out these fires which are in the bunkers, which are caused by spontaneous combustion. That is what delayed the passage over. She was somewhere off the North of Scotland.

By the Chairman:

Q. Have you your answer to the last question by Mr. McKenzie?—A. Yes.

Q. What is it?—A. 13 days and 17 hours from Hull to Montreal.

The CHAIRMAN: Mr. McKenzie have you any further questions?

Mr. McKENZIE: I do not think there is anything further.

By Mr. Symington, K.C.:

Q. Mr. Wolfe, there is no difficulty, apart from picking out, perhaps, the headings and some small variations, in arriving at what these documents show as to the performance of that boat—what these logs show?—A. To me it would not be of any use.

Q. But apart from whether it is of any use or not, I say there is no difficulty in finding out what the figures show, and what it is claimed the boat did.—A. The only way you can work a trip off is this; you know what coal is put aboard her at one port, and you go around, and you know what coal was put on board again, and there has been a certain amount of coal consumed, in port, outward, in port, homeward, and in port—that counts as well—and you know by these figures how much coal to allow for port consumption, so as to arrive at the amount of sea consumption.

Q. So they show 928 tons which they took on board, and show they burned 278 tons to Father Point?—A. Yes.

Q. And they show they burned 26.1 tons to Montreal?—A. Quite.

Q. And when you check it up, it shows the amount of coal he used, and what he had left, and there was a difference of what—two or three tons?—A. Six or eight tons.

Q. What is the figure?—A. Eight, I think. 304 was shown, a total of 278 and 26.

Q. What would that leave in the bunkers?—A. What will it leave in the bunkers?

Q. Yes, at Montreal?—A. At Montreal?

Q. Yes. 928 when he left Hull; he used 278 to Father Point, and 26-point-something to Montreal— —A. That will give him 624, will it not?

Q. It is 24 tons?—A. Yes.

Q. And what did he have in his bunkers, according to that log?—A. He had 632 tons.

Q. In his bunkers?—A. Yes, but he has made no allowance for coming from Hull to the pilot grounds. He left Hull at midnight on April 30th, according to the chief officer's log book, and he steamed over two hours with engines going at full speed, and there is no coal consumption shown for that.

Q. "Left Hull 11.10 p.m. proceeded down the river, dropped pilot and proceeded away 2.15 a.m." That is what you refer to?—A. The chief officer's log book reads slightly different. "Left Hull 11.10 p.m. (summer time) and proceeded down river till dropped pilot and pull away 2.15 a.m., Friday first May." The nit goes on to when this starts, 2.15, and the engines were going full speed.

Q. So if he took on that amount of coal at Hull it would show what has been burned and what was left in the bunkers when he got to Montreal?—A. Quite.

[Mr. Walter C. Wolfe.]

Q. Do I understand you to say that you have no practical knowledge of corrugated boats at all?—A. No.

Q. What you have been telling the committee is what you have been reading of what people on the other side have been saying about it?—A. What I have been following up in the profession, keeping in touch with any new thing.

Q. What you have been reading, is what other people have been writing about?—A. Quite.

Q. What do you say would be the saving in coal by superheating?—A. 20 per cent to 25 per cent in a new ship.

Q. That would not account for a difference between 25 tons and 42 tons?—A. What are you referring to?

Q. The *Cairnmona*.—A. You are comparing a ship going $12\frac{1}{2}$ knots with another going 10.

Q. What speed did the *Cairnmona* make?—A. I think that is voyage 38, is it not?—

Q. On page 880, it says:—

“Q. So on this voyage, in average 8.9 knots per hour, you used 42 tons of Durham coal per day?—A. 42 tons? On this voyage?”

Q. Yes?—A. No, on this voyage it is different; we used about an average of 38 only. We were not going at extreme speed.”

Take 38.—A. That is a bad weather trip. You are comparing a good weather trip of the *Rio Dorado* with a bad weather trip of the *Cairnmona*.

The CHAIRMAN: On page 887 there is the abstract of the log of the S.S. *Cairnmona* from Montreal to Newcastle.

Mr. MONTGOMERY, K.C.: Voyage 380 is on page 886. That is what he is speaking about.

By Mr. Symington, K.C.:

Q. Averaging 12.36 knots?—A. Yes.

Q. And how much coal did she use on that one?—A. 42, if I remember rightly; that is why I spoke of that voyage. You are comparing a ship going $12\frac{1}{2}$ knots with a ship going $10\frac{1}{2}$.

Q. That would not be proper; I quite admit that. On page 887 it is 10.7 knots.—A. This is the captain's log?

Q. Yes?—A. Have you the engineer's log?

Q. I have not got it.—A. It does not show the percentage of slip, so you cannot compare it. One ship may have a 10 per cent slip, and the other 20 per cent.

Q. It shows the weather, as you see there; 10.7 knots— —A. It also says, “Plunging heavily.” “Shipping heavy water.”

Q. How often? One day it was plunging. On the next day it was shipping heavy water. Have you got any comparison, after looking this over, that you can give us?—A. Which one is that?

Q. The *Cairnmona*.—A. This is the captain's log, which you want me to compare with what?

Q. You will find the engineer's log, commencing on page 894.

Mr. MONTGOMERY, K.C.: And on page 895, the same voyage.

By Mr. Symington, K.C.:

Q. You have not compared them for the purpose of giving us a proper comparison.—A. No. This is the first time I have seen these.

Q. But putting your faith in superheating, you would say there should be how much additional efficiency?—A. In that particular ship I should say between 20 per cent and 25 per cent.

Q. Meaning in the *Rio Dorado*?—A. Yes, the *Rio Dorado*.

Q. Why in that particular ship?—A. Because she is a new ship, and she is built for it. It has been built in the ship in the first place, it is not an alteration.

Q. That is more effective than an alteration?—A. You will get more efficiency in a ship originally built that way than in a ship which is built for saturated steam and then altered.

Q. Are the new ships being superheated, on the *St. Lawrence*?—A. Our three M boats are superheated; they were built superheated, but the *Minnedosa* has been converted, and it is the actual results of that ship I am quoting from.

By the Chairman:

Q. When you say 20 per cent more efficiency, you mean that you can get the same speed on 20 per cent less coal?—A. Yes, sir.

Q. That burning four tons, with superheating you can get as much speed as with five tons without superheating?—A. Quite, and it runs into rather heavy figures.

By Mr. Symington, K.C.:

Q. There has been quite a bit of discussion, has there not, as to the benefits of these boats, among engineers?—A. Yes, quite a lot.

Q. You have been hearing quite a bit about it lately?—A. I thought you meant in engineering societies in England.

Q. I do, apart from this enquiry altogether.—A. Yes. Every engineering book you get hold of there has been somebody writing about the merits and demerits of them.

By the Chairman:

Q. That is the corrugated ships?—A. The corrugated ships.

Q. That is since the war?—A. Yes, since the war.

Q. But you yourself, as you have told us, have had no actual practical experience in them?—A. No.

By Sir Eugène Fiset:

Q. Is it a revolution in shipbuilding?—A. I would not like to say that.

Mr. McKENZIE: There was just one further question, Mr. Chairman.

By Mr. McKenzie:

Q. Mr. Wolfe, the *Cairnmona* was fitted with fans for the purpose of ventilation. What would your estimation be of the coal consumption, driving these fans?—A. That is a pretty hard thing to state, but of course you cannot drive anything aboard a ship unless you pay for it, in one way or the other.

By the Chairman:

Q. Is it substantial?—A. When you take the whole ventilating system in the ship, you might be using about 50 horse-power.

Q. Would that add a ton a day to the coal consumption?—A. Hardly a ton.

The CHAIRMAN: Are there any further questions?

By Mr. Shaw:

Q. Mr. Wolfe, your ships are registered in the British Registry, are they not?—A. Yes.

[Mr. Walter C. Wolfe.]

Q. Can you tell us why?—A. No, it has nothing to do with my department.

Q. I have been told that registry in Canada is a much more expensive matter than registry in England. Do you know whether that is true or not?—A. No, I do not know.

Q. Who would know that?—A. Some of the ships are registered in Canada, are they not? I think the Pacific boats and all the boats on the railways and on the lakes are.

Q. I am told that some of the boats on the lakes and practically all of the ocean boats are registered in England, because it is a much less expensive process. Do you know anything about that?—A. I could not tell you anything about that.

The CHAIRMAN: Now, are there any more questions? If not, I am going to discharge the witness with many thanks.

Witness discharged.

The CHAIRMAN: Who is the next witness, Mr. McKenzie?

Mr. McKENZIE: Captain Isles.

DAVID ISLES, called and sworn.

By the Chairman:

Q. You live in Montreal?—A. Yes, sir.

Q. What is your business, your occupation?—A. Superintendent stevedore.

Q. Stevedore for?—A. The Thompson-Cairn Line.

By Mr. McKenzie:

Q. How long have you been in the stevedoring business, Captain?—A. Twenty-one years, sir.

Q. In Montreal?—A. In Montreal.

Q. You were at sea before that?—A. Nineteen years.

Q. What certificates do you hold?—A. Extra Master's certificate.

Q. Is that the highest qualification?—A. Yes, sir.

Q. —for a shipmaster?—A. Yes.

Q. You had occasion to examine the plans of the Petersen ships?—A. I examined the ships.

Q. And you examined Exhibit 92, which is a plan of the *River Ottawa*?—A. Yes, sir, I saw that.

Q. How would you describe that boat, Captain Isles?—A. She is a shelter deck corrugated steamer.

Q. What I want to ask—

Mr. SYMINGTON, K.C.: May I ask just what the nature of this evidence is going to be? A head stevedore is going to give evidence about the construction of a boat.

The CHAIRMAN: Captain Isles is an old seaman, and the stevedoring people know a good deal about boats, especially when they are in port.

Hon. Mr. STEVENS: What are you objecting to his evidence for, Mr. Symington?

Mr. SYMINGTON, K.C.: I have no particular objection. I do not know anything about what his evidence is going to be, but he has referred to a shelter deck boat, about which we have had some disputes, and if his evidence is to be directed towards that, I should think we should have the evidence of a marine engineer or a marine architect.

Mr. McKENZIE: This type of ship is known quite well, Mr. Chairman, I think, and I think the Captain is eminently qualified to declare whether it is a shelter deck or 'tween deck, or what it is.

The CHAIRMAN: I was told the other day that naval architects had special names, different from the ordinary current names for boats, so I am not going to interfere with the Captain.

Mr. RINFRET: By all means, give it, Mr. Chairman, and let us forget about these.

By Mr. McKenzie:

Q. In your experience, Captain, you have had occasion to load, I suppose, many, many ships in the port of Montreal?—A. Yes, sir, a great many.

Q. And you have had occasion to come to some conclusion as to the best type of ship which is suited to the Montreal and Canadian trade?—A. Yes, I have studied it.

Q. I want you to take the type of ship proposed by Sir William Petersen, and compare that with the ship which you regard as a typical and ideal ship for the Canadian trade. You have examined the plans of the *River Ottawa*, and you, I understand, have inspected the *Rio Dorado*?—A. I was aboard of her, and the *Newberry*, as well.

Q. Which is the *Newberry*?—A. The other corrugated steamer.

Q. Just a little louder, please.—A. I was on board the *Rio Dorado*, also the *Newberry*, the other corrugated steamer, that was in Montreal last week, down her holds.

Q. Let us take the *Rio Dorado*. I want you to go into the question as to her suitability for the Canadian trade. Now, the *Rio Dorado*, as we have it in evidence, is more or less of the type of ship which is to be used by Sir William Petersen.—A. She would not do at all for our business.

Q. Why? I want you to elaborate on that.—A. She has to have more decks and more compartments, to take care of the different commodities we handle every week. When the shelter deck is open right fore or aft, without any bulkheads, you cannot separate the various commodities you get.

Q. Why should you require to separate them?—A. Because you get leather, hops, flour, apples; it cannot all go in the same space. It must be kept separate. If you put flour with corn or apples, you taint your flour.

Q. Why cannot that be put on the shelter deck?—A. You are going to put cattle there, and you cannot put flour on the shelter deck, if you put leather there or anything that has a smell.

Q. If you use the shelter deck I imagine you would just have the hold left, the lower hold. Why could not that be used?—A. The 27-foot hold?

Q. Yes. I understand it is a 27-foot hold, on the *River Ottawa*?—A. There is nothing that goes out of Montreal that you could stow 27 feet high and land it, except grain or flour.

Q. Why is that?—A. Because they will not stand the pressure.

Q. Why would it not stand the pressure?—A. If you are going to put apples in a 27-foot hold, the first five tiers would go to pieces with the weight. You could not stow boxed meat 27 feet high, Canadian bacon.

Q. Just because of the weight?—A. It is bad stowage. There are the current rules, governing stowage. If you exceed the height and have damage, you pay for it; if you stow cheese or anything too high for the bottom tier, it is up to you, because you have too much weight on it.

Q. Are we to take it that the 'tween deck of the ship is somewhat similar in form to a row of cupboards, with shelves?—A. You could describe it as that, with the steel bulkheads between each one.

Q. In your experience, have you had occasion to use shelter deck or 'tween deck space, to the exclusion of the space that you might have had available in the hold?—A. You cannot put down the hold all that you can put on the deck. There is quite a bit of leakage from it. You cannot put meat down a hold on top of anything without damage to whatever is underneath it, whether it is grain, flour, as the case might be; you put it on the decks.

[Captain David Isles.]

Q. In your experience have you had occasions where you have had space available in the hold and you are not permitted, or in your opinion, it was not advisable to ship in the hold?—A. After the war, when we were replacing the fleet which was lost during the war, we used a shelter deck vessel for a summer and a half. When that shelter deck had all the meats it could hold, we had to shut the rest out. On two or three occasions we shut a lot of cargo out which we could not put on top of grain or flour.

Q. Is that an objection by the shipper or a precaution by the stevedore?—A. You have to pay for it.

Q. Who has to pay for it?—A. The ship has to pay for it, if you put wet stuff on top of dry stuff. It is bad stowage.

Q. I understand you have inspected the corrugated ships?—A. I was down in the holds of the *Newberry*.

Q. And the *Rio Dorado*?—A. Yes.

Q. Have you any criticisms to offer as to the loading facilities of that type of ship?—A. As far as corrugation is concerned?

Q. Yes.—A. Well, I would have objection to it. The nearer you can make a hold into a square box, the better and the simpler you get stowage. If you are going to follow the contour of corrugations and try to find packages to fit into that, and let the ordinary longshoremen put them in, you are going to have difficulty. It is good for grain but it is not good for package freight.

Q. Would there be any difficulty in the corrugations in the stowage?—A. You do not get packages to fit in. The cargo must be bound together. It has to go across the Atlantic, after you are done with it. It has to be bound together and properly stowed. The ship is liable to meet heavy weather, and if you are going to stay in the business and get a reputation for landing cargo in good condition, you must have it properly stowed; and even also in the case of bag cargo, if you follow the outlines of that corrugation and stow your bags in there, and that ship had a five degree list, and the sides sweat, the sweat has no where to drop except on the top of the cargo.

Q. You have the sweating in the straight-sided ship?—A. Yes, but it runs down the side. Provision is made for it.

Q. What effect would the rolling have, as regards sweating?—A. When it runs over you will get the drops of sweat off the bilge, because it will drop straight. If the ship's side is straight the sweat will run down in a steady stream, but if it is corrugated, when the ship has a list over, this sweat will drop, when it comes to the point of the angle, on to the cargo, because the cargo is underneath it.

Q. We have the statement in evidence to the effect that the refrigerator space is not essential for the Montreal trade.—A. He does not know anything about the Montreal trade if he said that.

By the Chairman:

Q. If you are going to carry certain sorts of cargo, you have to have refrigeration.—A. If you do not have that, you are not supplying the requirements of the port.

By Mr. McKenzie:

Q. The Captain said that for the Canadian trade, on the ships in which he was engaged, refrigeration was not essential.

The CHAIRMAN: Who said that?

Mr. McKENZIE: The Captain of the *Rio Dorado*. I think I can find it a little later, but I do not want to take the time of the Committee.

By Mr. McKenzie:

Q. Now, Captain Isles, you spoke of the spaces in the hold as being 27

[Captain David Isles.]

feet. Now, you say that is entirely too deep for the stowage of ordinary package freight?—A. That is it.

Q. Would it not be advisable to use grain and build that up, and then put your package freight on top of that?—A. Yes, but not when we are carrying cattle. In our business, we aim to lift all the package freight every week; therefore, when our ships arrive in Montreal, the minimum amount of grain is engaged, with an option, probably, on some more. Then you go along; they size up the package freight situation and around about Thursday, they will try to get extra grain. You have to go after it until often it is too late and in the meantime you cannot do anything in your lower holds. In the summer, in Montreal, you will have meats and all kinds of stuff, coming into the shed and if you leave them more than four or five hours, they will report you to the Department at Ottawa. Therefore, you must have the ships deck to put it on.

By the Chairman:

Q. Do the cheese people try to send their cheese down late?—A. If they get a late cable that prices have gone up they will shoot it down a little late, the night before sailing. We have had to take other stuff out to make room for it.

By Mr. McKenzie:

Q. When you say Thursday, you mean for boats that would be leaving on Saturday morning?—A. On Friday morning. We work all night Thursday night, trying to get the boat away on Friday morning, at nine or ten o'clock, on this particular line. We are talking of the Thompson Line.

Q. I would gather that your reference has entirely to do with the question of dispatch, as to the loading facilities of your 'tween deck ship, as compared with the shelter deck?—A. Dispatch is one thing; putting your stuff in the ship, as it comes along, is a very important thing, because the Department in Ottawa keep an inspector in the shed. Your customer has iced the meats and brought them in early, and if you have them in the shed for forty-eight hours, they will report it right back. We must put it in the ship. We work often, when it is not necessary, to clean up the perishable freight, over night. There is another point in connection with meats, that might as well be cleared up: You could not store that in the hold. Supposing you take a ship, with ordinary 'tween decks, in a 15 foot or a 16 foot hold and raised the height with deals or something of that sort, the man, whose meats go in first, would not get them for three days, on the other side. The man, whose meats are on top, gets them first. The idea is to put them along the decks and put them all out in twelve hours, to get them all to the market, and you have them all sold for the week-ends on the other side. You have to keep your week-end dates on the other side. It is just as important as leaving here, to keep your speed up.

The CHAIRMAN: Have you any questions to ask the witness, Mr. Symington?

By Mr. Symington, K.C.:

Q. There is this: Suppose 'tween decks—I do not say that in a technical term, but with a deck above and a deck below in this ship, as in your ships?—A. You are referring to the nine foot six deck?

Q. The River Ottawa?—A. She has a nine foot, six, shelter deck.

Q. Yes. There is a space to put cargo there?—A. If you do not put cattle there.

Q. If you do not put cattle there?—A. Yes.

Q. And there are refrigerator holds in that ship, or compartments?—A. Where, sir? I did not see that. In the lower hold, yes.

Q. No. They had been added since that plan.—A. In the lower hold, yes.

[Captain David Isles.]

Q. Yes.—A. 27 feet deep.

Q. I do not know about that. In the stern bow, I understand? Aft. In the aft hold.—A. No use to us.

Q. Then you say that the crevices, the corrugations would sweat, and that the sweat was dripping?—A. I fancy so, I went down the hold and looked.

Q. But the ship was not sweating when you were there?—A. No.

Q. Then with respect to the bags, they go against the cargo battens, do they not?—A. Yes.

Q. Now, about the form of the corrugations; with regard to those corrugations, they would form an air space, would they not, if they were not filled?—A. They would go against the cargo battens in a straight sided ship, just the same.

Q. But they do not go into the corrugations?—A. The cargo battens on the ship I saw followed the contour of the ship, followed the corrugations, followed the shape of the corrugations. There was the space between them, but they followed the contour right around.

Q. They follow the frames, I am told, in our boats?—A. Outside of the frame; they are 7 feet apart.

Well, what about that?—A. You will want some cargo battens to hold your cargo there, in a gale on the Atlantic Ocean.

Q. May be so; wouldn't the corrugations make air, which would be desirable in the hold, an air space?—A. That was another point I was going to mention. I daresay there would be dead air space in that corrugation, unless you had a fan or a vacuum to give circulation, because it seems to me that in this air space you would have dead air otherwise.

Q. One of them told of a cargo of rice. What have you to say about that?—A. I have handled cargoes of rice in steamers, and that is a cargo you do not stow like you would some other cargoes. It does not matter what you bring in, they bring down bamboos and criss-cross them in the ship and every four tiers they have a skeleton ventilator, then they run four, every four tiers, and connect them with up-and-down ventilators running into the hatchways and everywhere; they have 120 tons of ventilators.

Q. It seems to be a difficult cargo to carry?—A. Yes. As long as you do not allow it to touch anything, it is all right; it sweats quicker than anything else.

Q. I would imagine it would want proper protection, too?—A. Yes.

By Hon. M. Stevens:

Q. How would that rice be carried?—A. In bags, sir.

Q. The criticism you have offered to this Committee is a criticism of the *Rio Dorado*?—A. Any ship that does not have divided 'tween decks would not do for the Montreal trade. Every week you get a car of leather or a car of hops, and you cannot say you will not take it; you have to take it.

Q. One that can be divided is all right?—A. It must be divided with a steel bulkhead. A wooden bulkhead lets air through. You have to have steel, and enough of it.

Q. That is all that is necessary, 'tween decks?—A. Compartments is all you want.

By the Chairman:

Q. The ordinary run of cargo boat that goes to Montreal, handling general package freight, does it have one deck or two, on which cargo is stowed?—A. Ships built for the purpose have two. You can work with one, if you have your five divided compartments to hold bags of flour and rice; you can wait until your cargo is finished, or you may decide to go ahead and lack a couple of hundred tons of grain rather than wait.

Q. But take the Conference lines; do they have one or two decks, as a rule, on their boats?—A. Any ship built for the Montreal trade has two decks; anybody who has been in the business very long knows that.

Mr. McKENZIE: There is one question which the captain as a master mariner might be able to clear up; it is a very controversial one, as to whether the tonnage in the shelter deck is included in the net tonnage.

By Mr. McKenzie:

Q. Can you tell us that, captain?—A. Not if it is a sheltered deck. If it is in the tonnage, it is not a sheltered deck. Shelter deck is a term used by the Board of Trade. If it is in the tonnage, you pay on any cargo you carry, but if your shelter deck is empty you do not pay anything.

Q. I am just speaking of the register?—A. It is not in the tonnage.

Mr. McKENZIE: I am requested to ask, Mr. Chairman, as to whether or not the passenger accommodation on a passenger ship is in the tonnage?

The WITNESS: It is lately, I believe. I think the passenger accommodation is included.

Mr. SYMINGTON, K.C.: Is my friend satisfied now?

Mr. McKENZIE: Quite.

Mr. SYMINGTON, K.C.: I am glad he has satisfied himself upon that point.

The CHAIRMAN: Have we any more evidence now? We asked the Minister to come over this evening, and I did make a suggestion that possibly he might hold himself in readiness to come this afternoon, but he is too busy. It is now almost 5 o'clock. We shall adjourn until what hour to-night? I want to finish to-night, as far as the evidence is concerned.

Mr. RINFRET: We will finish.

The CHAIRMAN: Shall we say 8 o'clock?

Hon. Mr. STEVENS: One moment, Mr. Chairman. We have asked several times for the register of the *Rio Dorado*.

The CHAIRMAN: Mr. Donald, have you any news to-day about it?

Mr. DONALD: I am instructed that the agent was communicated with in Montreal, and he stated that it had been forwarded to the Department of Marine and Fisheries in Ottawa.

Mr. SYMINGTON, K.C.: I do not know for what purpose it is required by Mr. Stevens.

Hon. Mr. STEVENS: It was required by the Committee to check up the statement that was made.

Mr. SYMINGTON, K.C.: I think they have a copy of it.

Mr. McKENZIE: We have what we believe to be a copy.

Hon. Mr. STEVENS: You will recollect, Mr. Chairman, that you ordered it.

The CHAIRMAN: I think I ordered it and re-ordered it.

Hon. Mr. STEVENS: And we are entitled to have it.

Mr. SHAW: Some employee from that department could bring the document here, I should think.

Mr. SYMINGTON, K.C.: The documents have been here two or three times. Will the Chairman ask the Secretary to bring them to-night?

The CHAIRMAN: Would you like to have them here to-night, Mr. Stevens?

Hon. Mr. STEVENS: I think we might as well have them.

The CHAIRMAN: Half past 8 o'clock is the hour I intimated to Mr. Low. What do you think, gentlemen, of my asking the clerk to have Mr. Johnston

and Mr. Duguid here at 8 o'clock, and that they should bring a copy of the register, which, according to the statement which Mr. Donald has been instructed to make to us, was sent to that department?

If that is satisfactory the Committee will stand adjourned until 8 o'clock to-night.

Mr. MONTGOMERY, K.C.: For the information of the Committee, I would like to say that Major Cairns is here, if you wish to take evidence of the conversation and so on. I do not want to burden you with it; I am not pressing the evidence now, because it is more or less ancient history.

The CHAIRMAN: We could take Major Cairns now, if you wish.

Mr. MONTGOMERY, K.C.: I am not pressing the evidence at all, Mr. Chairman, because it is an old story.

Mr. SYMINGTON, K.C.: What is the use of taking the evidence, if nobody wants it.

The CHAIRMAN: Unless there is a desire to hear Major Cairns, I think we shall all be glad to get three hours' rest.

Hon. Mr. SINCLAIR: What is it about, Mr. Chairman?

The CHAIRMAN: It is about the conversation with Mr. Preston, I understand.

Mr. MONTGOMERY, K.C.: I do not know at this stage, Mr. Chairman, whether we are interested in any further contradiction of Mr. Preston's Report. I merely wish to observe that Major Cairns is present, and at this stage, if it is at all necessary or desirable we could call him.

Mr. SHAW: I would like to ask Mr. Montgomery whether Major Cairns can throw any additional light on the subject we are now discussing, whether he will contradict him, and if so, in what particular?

Mr. MONTGOMERY, K.C.: The substance of his evidence, Mr. Shaw, would be this, that Mr. Preston did come to see him, but that the conversation was somewhat different from the account given by Mr. Preston, and that he was not prepared to carry out that 100, unless the Government regulations were changed from those in the Argentine.

I do not know whether the Committee will want any further evidence than that or not.

Hon. Mr. SINCLAIR: I think that is good enough, Mr. Chairman.

The CHAIRMAN: All right, we will let it stand in that way. This Committee therefore stands adjourned until 8 o'clock to-night, when we will hear these witnesses that have been mentioned.

The Committee adjourned.

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. A. R. McMaster, presiding.

The CHAIRMAN: The Committee will please come to order. Mr. Johnston, will you kindly take the witness stand?

ALEXANDER JOHNSTON called and sworn.

By the Chairman:

Q. Mr. Johnston, you are the Deputy Minister of Marine and Fisheries? —A. Yes, sir.

Q. The other evening, sir, I asked the Captain of the *Rio Dorado* to send up a certified copy of a document showing the registered tonnage of the ship. It never came to this Committee, but I heard it did go to the Department of Marine and Fisheries. Have you got it?—A. I have not. I think Mr. Gordon

[Mr. Alexander Johnston]

telephoned to my office a few minutes before five and intimated that either the original certificate, or a transcript thereof, had been forwarded to the Department. I asked the chaps around the Department, who would know, whether such a document had been received, and they told me if it had reached the office, they had not seen it. I have not seen it.

The CHAIRMAN: I got the impression somewhere that it had been sent to your office.

Mr. DONALD: The advice I had was that a certified copy from the Custom House had been sent to the Department of Marine and Fisheries.

Hon. Mr. STEVENS: It looks to me as if somebody was trifling with the Committee. There is no excuse in the world why we should not have copies of this register.

The CHAIRMAN: When was this supposed to be sent? I ordered it to come here over a week ago.

Hon. Mr. STEVENS: It is two weeks ago.

Mr. DONALD: It was supposed to be sent the day after the ship left port.

Hon. Mr. STEVENS: They were to get it to save them coming back; they were to get a copy from the Custom House and make a certified copy from that.

Mr. DONALD: That is quite true.

Mr. BLACK (Halifax): Mr. Chairman, we are talking about this register and it is said that somebody sent it. Surely to goodness we can proceed in a businesslike way to see if it was mailed. Who wrote the letter? Let us get a copy of the letter here and we can trace it through the post office.

The CHAIRMAN: I think the suggestion of Mr. Black is an excellent one.

Mr. DONALD: I will do the best I can to produce the document.

Mr. BLACK (Halifax): Was it mailed?

Mr. DONALD: I have only the advice of the agents that the Custom House sent a certified copy to the Department of Marine and Fisheries at Ottawa.

The CHAIRMAN: Do you know when they sent it?

Mr. DONALD: I understood it was sent the day after the ship sailed from Montreal.

Mr. SYMINGTON, K.C.: I think my friend has a copy here, and while it is not certified—

The CHAIRMAN: Do you think we would be safe in accepting it?

Mr. SYMINGTON, K.C.: I suppose they made a copy themselves, and I would be prepared to let it go in.

The WITNESS: All I desire to say about it is that I asked one of the clerks in charge of registration matters in the Department shortly before five, if any papers with reference to the *Rio Dorado* had reached the office. He went out and made a search, came back rather promptly, and told me that no papers with respect to the *Rio Dorado* had reached our office.

Mr. SYMINGTON, K.C.: I make the suggestion that the copy they have, be put in; it is not certified.

Sir EUGENE Fiset: Can you understand any reason why it should be sent to your Department, Mr. Johnston? Why should the Customs House send it to the Department of Marine and Fisheries?

The WITNESS: There is no reason.

Sir EUGENE Fiset: Are you sure that he did not mean the Deputy Minister of Customs?

Mr. DONALD: I can only give you the information I have received.

[Mr. Alexander Johnston]

Sir EUGENE Fiset: Did you inquire of the Deputy Minister of Customs?

Mr. DONALD: I have not, but I will inquire.

Sir EUGENE Fiset: I cannot see why it should go to the Deputy Minister of Marine and Fisheries.

The WITNESS: The vessel being registered as it is, in the United Kingdom, there would be no reason what-soever to send a transcript of the certificate to our office.

Mr. SYMINGTON, K.C.: I do not know why that office should have been selected, other than the Captain was supposed to get the Custom House official to make a certified copy of it and send it to this Committee.

The CHAIRMAN: Gentlemen, I will suggest that we put in a copy, and meanwhile I would like Mr. Donald to follow this matter up.

Mr. DONALD: I will be glad to do everything in my power to produce this copy before the Committee. I have done everything I can, so far. I am not trying to hold back anything.

Sir EUGENE Fiset: You will probably find that in the Minister of Customs's office.

Hon. Mr. STEVENS: Ring up the Customs Collector in Montreal and find out if the certificate was ever made.

Mr. SYMINGTON, K.C.: Mr. McKenzie hands me this (indicating). The Customs House officer must have had a copy in order to be able to make this, although it is not certified.

Mr. FLINTOFT: It would be left with him while the ship was in port.

The CHAIRMAN: Although the Deputy Minister cannot certify to the correctness of this, he can tell us if it is on the usual form, and whether it appears to be in order.

The WITNESS: It certainly appears to be in the regular form, and appears to be in order.

The CHAIRMAN: We will put that in subject to verification when the original is received.

EXHIBIT 99: Copy of Register. (Uncertified).

By the Chairman:

Q. Who is the Registered Agent of Shipping?—A. We are.

The CHAIRMAN: So it would be to this Department that it would naturally be sent. Shall we have this printed?

Hon. Mr. SINCLAIR: File it as an exhibit. That will be sufficient.

The CHAIRMAN: We can leave the question of its printing for the moment. Have you any further questions to ask Mr. Johnston?

Sir HENRY DRAYTON: Mr. Stevens wants the engineer. We will not bother Mr. Johnston further.

The CHAIRMAN: Mr. Johnston, we are very much obliged for your attendance, and we discharge you.

The witness retired.

The CHAIRMAN: The next witness is the Engineer of the Department.

Sir HENRY DRAYTON: I thought the next witness was to be Mr. Low.

The CHAIRMAN: We asked him to be here for half-past eight. Is Mr. Duguid here?

[Mr. Alexander Johnston]

CHARLES DUGUID called and sworn.

By the Chairman:

Q. You are a marine architect?—A. Yes, sir.

Q. Are you connected with the Department of Marine and Fisheries at the present time?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. I have a few questions: You had something to do with designing the ships of the Government Merchant Marine?—A. Yes.

Q. You have had considerable experience in marine architecture?—A. Very much.

Q. Would you just tell us your experience briefly?—A. My first experience was on the River Clyde, where I served an apprenticeship of seven years, at the West of Scotland Technical College, in connection with my profession as a naval architect. From there I proceeded to Barrow, to the Vickers works, or the naval construction works, as they were in those days, before Vickers had taken them over. I was with the Vickers Company until 1905, when I was called to Canada in connection with naval work. From 1905 to 1913, I was a temporary officer of the Department; from 1913 to the present day, my position has been permanent. Previous to coming to Canada I was engaged in connection with the construction and designing of merchant marine, both sailing ship and steam, and after that, going to Barrow, to the Vickers Company. Whilst in their employ I was engaged in connection with merchant marine, and with ship construction. Since coming to Canada, the principal work has been with dredges, ice breakers, barges, custom cruisers; and from 1917 on to about 1922, in connection with the cargo boats of the government fleet.

Q. Now, from your experience as a marine architect, do you consider the 8100 class, I think they call them—that is what we have been calling them here—of the Canadian Government Merchant Marine, are suitable cargo boats for the North Atlantic trade?—A. I consider them quite suitable for the North Atlantic trade. I think they are excellent ships.

By the Chairman:

Q. You admit they are?—A. Yes, I admit they are.

By Hon. Mr. Stevens:

Q. There is no reason, as far as construction, motive power and general efficiency is concerned, why these ships should not be a success in the North Atlantic trade?—A. No, none.

Q. None whatever?—A. None, whatever.

Q. You have seen this plan, no doubt? I want a little advice. This is a plan, Exhibit No. 92, being a plan of the ships of the type proposed under the Petersen contract to put in the North Atlantic trade. What I would like you to do Mr. Duguid, for my own satisfaction, and, I know, for the satisfaction of the balance of the Committee, is to describe and determine for us, as a marine architect, the character of this ship. Is this ship what is known as a 'tween deck ship?—A. This ship is known as a shelter deck, one deck ship. This ship will be listed in Lloyds as a shelter deck, one deck ship, in Lloyd's Register.

Q. In computing the net registered tonnage of this ship, would the space between the upper or shelter deck and the lower or strength deck, be included in the net registered tonnage?—A. No, sir.

Q. What is your answer?—A. No, sir.

Q. Why would it not be included?—A. Because it is an exemption.

Q. Under the law?—A. It is not a completely enclosed erection. There is a tonnage opening at the aft end, which is considered an opening, and due to

[Mr. Charles Duguid.]

that opening, the space between what is called the main deck and the shelter deck is an exemption from tonnage.

Q. In a ship of this type, with a shelter deck, is the space between the upper or shelter deck and the lower or main deck open from stem to stern?—A. Yes, not from stem to stern. There is a small coal chamber at the stern.

The CHAIRMAN: A little louder.

The WITNESS: It is practically open from stem to stern.

By Hon. Mr. Stevens:

Q. With the exception of this chamber?—A. Yes.

Q. If cargo is carried in any section of this upper deck, the owners would have to pay additional dues, as it would increase the net registered tonnage by that amount?—A. On the arrival of this vessel at any port, say, in the United Kingdom, with cargo in any space in the sheltered 'tween deck, that space would be measured by the Custom's authorities and added to the tonnage of the ship, for the time being.

By Sir Eugene Fiset:

Q. You have used the expression "sheltered 'tween deck"?—A. That is the space between the upper deck and the shelter deck; on the main deck we carry coal here.

By Hon. Mr. Stevens:

Q. In carrying cargo in the holds below the main deck, if this was loaded to capacity with cargo of medium density, would it lower the vessel to the load line?—A. I should have to—

Q. Take, for instance, grain. We have used that very often, as an illustration?—A. I should have to know the cubic contents of the vessel, below the main deck.

Q. That is one reason why we wanted the register.—A. If I might take the total cubic contents of the vessel, as given in the British specification, as 580,000 cubic feet, and if I divide that by 45, which is the mean cubic feet per ton for average cargo, that would give me about 12,500 tons of cargo, which the vessel cannot carry. That is the total cubic contents.

By the Chairman:

Q. I did not catch that?—A. If I was taking the cubic contents, specified in the British specification, as 580,000 cubic feet, and dividing that by 45, which is the normal, 45 cubic feet to the ton, that would give me about 12,500 tons of cargo, which the vessel could not carry, with a 25 foot draft. That is, the 580,000 would have to be divided by what cotton might weigh per cubic foot, to fill the ship. The 580,000 cubic feet, I take it to be to the shelter deck, the total, but the space between the shelter deck and the main deck is not included in the tonnage.

Q. In the registered tonnage?—A. In the gross tonnage.

Q. What is the gross registered tonnage?—A. There is no gross registered tonnage. It is gross tonnage.

By Hon. Mr. Stevens:

Q. If the vessel were loaded between that space, or between the upper and lower deck, with cargo of the ordinary density, such as 45 cubic feet to the ton, it would put the ship below the load line?—A. Certainly.

Q. If that space were occupied with cargo, to keep the ship above the load line or not below, would it not be at the sacrifice of cargo in the lower holds?—A. Certainly.

Q. Is that right?—A. That is right. You have to deduct it somewhere.

Q. If cargo is loaded in that upper space, it adds then to your measurement?—A. Yes.

Q. To the extent that it is loaded with cargo?—A. Certainly.

Q. It adds to the measurement of the ship?—A. Yes.

Q. Now, in designing a ship for cargo purposes, for the handling of package cargo, is it considered good marine architecture to have it on a deck open, say for 300 feet, or whatever the length of that space is, without bulkheads?—A. Quite all right.

Q. You would have no objection to that?—A. No.

By the Chairman:

Q. Mr. Duguid, I notice, in these particulars, under schedule A, it says "tonnage, approximately 5,000 gross; 3,500 net." You said there was no such thing as gross tonnage.—A. Gross register, sir.

Q. You say there is deadweight, including Vicker's 9,000 tons, on a 25 foot draft?—A. Yes.

Q. Cubic capacity, about 580,000 cubic feet; tonnage, approximately, 5,000 gross and 3,500 net. I thought that must be gross register.—A. Gross tonnage. That is the proper term for it.

Q. Does that mean the gross measurement of the ship, prior to the deduction of the space which is occupied by engines, bunkers and so on?—A. That is quite right.

Q. And then, after you have deducted from the gross the space occupied by engines and accommodation for bunker coal and so on, you arrive at a figure, which is the net registered tonnage of the ship?—A. Quite correct.

By Hon. Mr. Stevens:

Q. This certificate which I have in my hand, and which is Exhibit No. 99, shows a gross tonnage of 4506.66 and a registered tonnage of 2766.19. Is that the net registered tonnage, supposed to be?—A. The net tonnage.

Q. Which is vastly different from what is set forth in here, but I merely inject that at this point. Mr. Duguid, assuming that this ship—I do not know whether you can answer this without measuring or not, but you can give us your own opinion—assuming that this ship was loaded full to the main deck with grain, we will say, with wheat, could she carry a cargo in the 'tween deck space, between the shelter deck and the main deck?

The CHAIRMAN: I did not hear that question. Will you please read the question, Mr. Reporter?

(The question being read)

The WITNESS: I should really say that the designer had looked after that, in designing the ship, if this vessel was loaded with wheat, say to the main deck, she would certainly be drawing about 25 feet of water.

By the Chairman:

Q. Without any cargo in the space between the two decks?—A. Yes.

Q. Where is her load line, can you say?—A. May I mark on this plan?

Hon. Mr. STEVENS: Yes.

The CHAIRMAN: Just refer to the mark which you have made, when you answer the question. Let him answer the question. Say what you have marked.

By Hon. Mr. Stevens:

Q. The load line then comes at this mark, this line passing through the circle, just above the figures "No. 3. hold"?—A. That is, according to the specification which has been printed, 25 feet.

Q. If the ship were at that load line, with a cargo of wheat below the main deck or strength deck, she could not load further cargo in the shelter deck, between the shelter deck and the main deck?—A. I presume not.

[Mr. Charles Duguid.]

By the Chairman:

Q. What is your answer?—A. I presume not.

By Sir Henry Drayton:

Q. If she is shown here, and I gather that she is?—A. She is there.

HON. MR. STEVENS: Mr. Chairman, I have not had time to go into these things; that is one of the reasons why we wanted this certificate. I have not had time to look at this exhibit for more than a second or two.

MR. SYMINGTON, K.C.: That is not the same ship, Mr. Stevens. This is the *Rio Dorado*.

HON. MR. STEVENS: But the point, as I understood it, was that it was virtually identical with this ship, in capacity.

MR. SYMINGTON, K.C.: No, it is smaller. I understand it is 500 tons smaller.

HON. MR. STEVENS: We will not compare the two, then. Let us base our questions upon this schedule, this excess of capacity.

By Hon. Mr. Stevens:

Q. To make it clear as to the 580,000 cubic feet, if this vessel were loaded to the point of the load line which we have just mentioned, as shown on No. 3 hold, the cubic capacity would be what?—A. 580,000, less shelter 'tween decks.

Q. Can you give us any idea what that is?—A. Yes, if you will give me time.

THE CHAIRMAN: May I point this out, Mr. Stevens; is it quite fair—perhaps I better ask the witness.

HON. MR. STEVENS: This is exactly the same, Mr. Chairman. I am making my comparison with the plan and the statement.

SIR HENRY DRAYTON: He says it is not.

MR. MONTGOMERY, K.C.: The register is the *Rio Dorado*, while the blue print is one of the river boats.

MR. DONALD: The register is the *Rio Dorado*.

HON. MR. STEVENS: And this is a new boat?

MR. SYMINGTON, K.C.: Mr. Stevens should point out that that boat was planned, ordered and was being built before the contract was entered into. I will ask him to make that explanation.

HON. MR. STEVENS: Whenever we get down to actual cases, we are faced with some mysterious change.

HON. MR. SINCLAIR: There is nothing mysterious about it.

HON. MR. STEVENS: Yes, there is. Here is a plan stated to be that of the vessel, with what exceptions, storage, and what was the other thing?

SIR HENRY DRAYTON: The stalls.

HON. MR. STEVENS: That does not affect the measurements a particle.

THE CHAIRMAN: Let me make this suggestion, Mr. Stevens. We have the naval architect; let him examine schedule A and the contract, let him examine the blue print, and then let him tell us whether they are in accord, and after that we can go ahead.

HON. MR. STEVENS: This is what Mr. Duguid is here for. It will shorten matters if you will permit me to state it.

By Hon. Mr. Stevens:

Q. This schedule to the agreement states that this vessel, which is supposed to be upon this route, has a capacity of 580,000 cubic feet. It was argued

[Mr. Charles Duguid.]

that it was very much greater than the capacity of the Canadian Government Merchant Marine. What I am trying to show is that this capacity of 580,000 cubic feet includes the space between the shelter deck and the main deck and the holds, and I maintain that this vessel cannot be loaded to capacity in both places, therefore the capacity is not 580,000 cubic feet at all. That is what I want to show.

Mr. SYMINGTON, K.C.: Certainly the 580,000 cubic feet does include the space between the decks.

Hon. Mr. STEVENS: I know that.

Mr. SYMINGTON, K.C.: I am suggesting however, that what you can put in depends upon the density of the cargo.

Hon. Mr. STEVENS: All through my remarks I have used the words "density of cargo." Mr. Duguid has spoken of the capacity of 45 cubic feet to the ton, which is a fair amount. He does say that if you take a light cargo, like cotton or baled goods, that it would probably fill the whole space. I am asking a question, that is, if we must take 60 per cent of wheat, and if this vessel is loaded with cargo of average ordinary density, could it carry cargo in the upper space without sinking it below the load line?

The WITNESS: No.

By Hon. Mr. Stevens:

Q. Therefore, the cubic capacity of this vessel, stated to 580,000 cubic feet, which includes the cargo space below the main deck and between the shelter deck and the main deck, is not the correct cubic capacity or carrying capacity of the ship; is that right?—A. It all depends upon the density of the cargo you are carrying. If you are carrying light cargo, you can load the ship to the top of the cargo deck; if you are carrying cargo of average density, you can only load her to the main deck.

By Sir Henry Drayton:

Q. What would be the contents there?—A. I should have to make a calculation of that. If you will give me about two minutes, I will do it.

Sir EUGENE Fiset: If a dense cargo of that kind will fill it up to the 'tween deck, I do not believe you can load a ship even with grain, right up to the maximum load. You must leave something to be carried on the main deck, it is not possible to load a ship in that way.

By Sir Henry Drayton:

Q. Take any cargo of any average density?—A. Grain is 18 cubic feet to the ton.

The CHAIRMAN: Let the witness finish his calculations, then he will be better prepared to answer our questions.

Mr. RINFRET: Very well, Mr. Chairman. The question I was going to ask was this: is this the first time the witness has seen these plans?

The CHAIRMAN: Yes.

By Mr. Rinfret:

Q. Are you of opinion that you can, by a rapid calculation, form an opinion upon the questions we are now particularly dealing with?—A. Yes.

Q. You are labouring very hard, I am afraid?—A. I don't think so.

Mr. RINFRET: I must admit, with all due deference to the witness, Mr. Chairman, that I would be better convinced if I had known that he had had the plans before him for a while.

The WITNESS: I have the plan before me. Perhaps that is why I look a bit worried.

[Mr. Charles Duguid.]

Mr. RINFRET: But it seems to me to need some slow study and some concentration; in other words, I do not think the witness, in all justification, can form an opinion as rapidly as he is asked to do to-night.

The CHAIRMAN: I will say this, that if the witness feels he is not doing himself justice, he has only to so state, but if he feels he can accurately reply to the questions put to him, we will be glad to hear from him.

Mr. BLACK: All these ships have plans of the holds. It is altogether likely that Sir William has the plans showing the cubic capacity of that ship already figured out.

The WITNESS: Mr. Chairman, it is impossible to answer the questions unless I make a calculation. I have made this calculation; the total cubic contents I mentioned of 580,000 cubic feet, I have estimated that there is a deduction of 140,000 cubic feet on the shelter 'tween deck, which leaves a balance of 440,000 cubic feet under the main deck.

Hon. Mr. STEVENS: I do not see any difficulty in answering that.

By Hon. Mr. Stevens:

Q. Now, Mr. Duguid, regarding corrugations; have you had any experience with corrugated ships?—A. No. I have never seen a corrugated ship.

Q. And you have never had anything to do with them?—A. No.

Q. I do not suppose it is any use asking any questions about something you have never studied, in connection with these corrugated ships, because it would be brought into question at once?—A. Surely.

Hon. Mr. STEVENS: I do not think therefore that I will ask any questions along that line. That is all, Mr. Duguid.

By Sir Henry Drayton:

Q. How does that compare with the 8,000-ton boat of the Canadian Government Merchant Marine?—A. They adopt a ship which is called the main shelter deck; the 8,150-ton ships are what are known as the Three Island type; they have a poop, bridge and forecastle, and in addition the Canadian Government Merchant ships have an extra 'tween deck.

Hon. Mr. STEVENS: Would the witness mind indicating to the Committee where that extra 'tween deck goes?

The CHAIRMAN: He can indicate on the plan before him where the extra deck goes, on the Government ships. Mark it with the letters ZZ.

Mr. RINFRET: What do you call the Government ships, Mr. Chairman?

The CHAIRMAN: The Canadian Government Merchant Marine.

By the Chairman:

Q. Just describe where that is, Mr. Duguid.—A. The extra 'tween deck is situated below the upper deck and the main deck, and runs between the forward boiler room bulkhead forward to the collision bulkhead and from the after engine room bulkhead to the stern. The height of that 'tween deck is 9 feet, and I have marked with a line and the letters ZZ the relative position that it would have if it appeared upon the blueprint now before me.

Q. Is that right?—A. Yes, sir.

Sir EUGENE Fiset: Will you describe that 'tween deck?

The CHAIRMAN: Shall I ask the stenographer to read it?

By the Chairman:

Q. There are two decks; there is the main deck and the 'tween deck; there is no shelter deck in the Government boat, is that right?—A. That is right, except on the 10,500 ton ships; they are built on the closed shelter deck type.

By Hon. Mr. Stevens:

Q. In your opinion, Mr. Duguid, would this ship be more suitable for the carriage of general cargo if it had a 'tween deck similar to the Canadian Government Merchant Marine ships?—A. I am of the opinion, sir, that the depth of the hold forward particularly is rather great for the carriage of general cargo. The depth here, about the middle of number 2 hold, is about 26 feet, or 28 feet. I think that in the carriage of general cargo, and in order to save the damaging of cargo in the lower part of the hold, that it should be lower.

Q. And would be better with a 'tween deck?—A. It would alter the design. It would alter the design if you added another 'tween deck.

By Mr. Black:

Q. Put it in another way; the Canadian Government 10,000-ton ship with 'tween decks is more suitable for the carrying of cargo out of Montreal, such as is supplied there than a model such as is before you?—A. I think the Government ships, sir, are most suitable to the general cargo.

By Mr. Shaw:

Q. Mr. Duguid, I understood from your description that you know the designs of the Canadian Government ships?—A. Yes.

Q. I understand that there are two of 10,700 tons dead weight each.—A. Quite so.

Q. And 25 with a dead weight tonnage of 8,450 tons?—A. That is right.

Q. I understand further that the two heaviest ships I have mentioned, of 10,700 tons each, are oil burners?—A. Correct.

Q. And that five of the 8,450 tons are oil burners.—A. That is correct.

Q. Now I am also told that the sea speed loaded of the two largest ships is 12½ knots per hour?—A. Fully.

Q. And that the sea speed loaded of the 25, 8450 deadweight ton ships is 11 knots per hour?—A. Right.

Q. And I am also told that the two largest ships and 11 of the 8450 ton ships are already equipped with refrigerator space?—A. Correct.

Q. I am also told, Mr. Duguid, that the two largest ships have three decks each?—A. Correct.

Q. And that all of the 8450 ton ships, as well as a lot of the others, lesser ton ships, have 'tween decks or two decks?—A. Correct.

Q. All these ships, I believe, are built under the inspection of Lloyds Register?—A. Lloyds, and the British Corporation, both classifications.

Q. These ships, I understand, are registered under Canadian register, are they, now, or are you familiar with that?—A. Every one.

Q. Now can you tell me what is the reason why the ships are registered—the other ships of the Canadian service, are registered under the British register rather than the Canadian?—A. I cannot answer that.

Q. One other question. I spoke to you about the speeds of these various ships. Now I am told and you may perhaps confirm the information I have, that the speeds I have mentioned are the sea speeds loaded; that is, not the trial speeds, it is the sea speed of these ships fully loaded.—A. Under fair weather conditions.

Mr. SHAW: That is all.

The CHAIRMAN: Mr. Shaw, might I ask you to direct the same question as you directed to Mr. Duguid, about the reason why certain ships are under British register rather than the Canadian register, to the Deputy Minister, who is here.

ALEXANDER JOHNSTON, recalled.

Mr. JOHNSTON: There really is no reason that we have ever been able to discover. It is a matter of choice with vessel owners as to whether they shall

[Mr. Alexander Johnston]

have their vessels registered here or in the United Kingdom, or as a matter of fact in any of the British Colonies. They enjoy the same privileges no matter where they are registered.

By Mr. Shaw:

Q. Mr. Johnston, I am told that it is a great deal more expensive and a great many more restrictions are imposed in order to secure Canadian registry than under British registry?—A. That is not so.

Q. Are the restrictions in both cases exactly the same?—A. In so far as registry is concerned.

Q. Are the requirements for inspection and so on under the Canadian laws and Canadian registry, of the same standard as the British registry?—A. We think they are, although I am not so sure that our regulations, in so far as steam-boat inspection is concerned, are not more rigid and exacting.

Q. That is what I have understood, that the regulations are much more rigid and much more exacting than registration under British registry requires. Now what about the matter of expense of the registration in either case?—A. I should not suppose that there is any difference in so far as the matter of expense is concerned, there is no expense. Mr. Hawken, who really is the officer in the Department who knows much more about the question of registry than I do, now tells me—and you may accept it as correct—that fees are charged in the United Kingdom for purposes of registry. Whereas with us we charge no fees.

Q. What is the reason that such steamers as the Canadian Pacific are registered under British rather than Canadian registry?—A. The Canadian Pacific vessels, trading on the Atlantic, are, in the main I think, or wholly, registered in the United Kingdom. Those trading on the Pacific are registered with us. The Canadian Pacific probably have reasons of their own.

Q. It must be to their advantage, I take it?—A. Doubtless they think so.

Q. I should think their inclination would be to register under the Canadian registry if there were equal facilities and the restrictions the same?—A. Well, I think it may be that at an earlier period the facilities for the repair of ships in this country were not at all such as would induce the owners of large vessels to have them registered here, and undergo inspection here. Our docking facilities, until a comparatively recent period, were not readily available for the larger type of vessels. I am not suggesting that that is the reason but I do think it may possibly be the reason that has led to the registration of the larger type of vessels in the United Kingdom rather than with us.

By the Chairman:

Q. Mr. Johnston, I was told the other day and I would like to be sure whether my information was right or whether it was not, that a ship requiring British registry has only to produce its Lloyds certificate in order to obtain British registry; while a boat to obtain Canadian registry has to produce not only the Lloyds certificate but also has to undergo the Government inspection.—A. That is right, and that is one of the provisions of the Canada Shipping Act.

Q. Does not that provision of the Canada Shipping Act demand from ship-owners, who are registering on Canadian register, a Government inspection over and above Lloyds inspection which only was required in Britain?—A. I think that statement is correct, sir.

Q. What is the object of our being more exacting in Canada in regard to the registration of ships, than they are in Great Britain?—A. I am free to say at once that I never could see any very good reason for it.

Q. Does it not impose upon our shipowners a burden greater than their British competitor has to bear?—A. To that extent.

By Mr. Stork:

Q. Is there not a Government inspection in Great Britain as well?—A.

There is a Government inspection in Great Britain, but Lloyds inspection—more particularly in the cargo boat—is accepted in lieu of Government inspection; whereas under the terms of our statute we are not permitted to accept Lloyds.

By the Chairman:

Q. You are not permitted to accept Lloyds inspection and have to make another of your own?—A. Yes.

Hon. Mr. SINCLAIR: Is our inspection more searching?

By the Chairman:

Q. Mr. Sinclair asks whether our inspection is more searching than that of Lloyds?—A. I would not like to suggest that it is. I would not like to suggest that Lloyds inspection is not a thorough inspection in every way, more particularly where the inspection is carried out by what is known as an exclusive surveyor.

By Mr. Rinfret:

Q. Is it made at the expense of the company?—A. Of the vessel owner.

Q. Of the company owning the vessel, the vessel owner?—A. Yes.

The CHAIRMAN: One moment, Mr. Rinfret. Mr. Sinclair had another question to ask and Sir Eugene had a question.

By Hon. Mr. Sinclair:

Q. I just wanted to ask Mr. Johnston if the difference was that our Shipping Act demanded simply that we make our own inspection and not accept any other inspection; we make our own inspection for registry, that is all the difference?—A. Yes.

The CHAIRMAN: Sir Eugene?

By Sir Eugene Fiset:

Q. May I ask if, legally speaking, there is any objection whatever, if the Government decides to do so, to compel the Canadian steamship companies to register in Canada? Is there any legal objection to that under the Canadian Shipping Act?—A. There is no legal objection to their registering here but there is no legal machinery whereby they can be compelled to register here.

Q. Suppose the machinery was created? Can we create the machinery here?—A. I don't think we can. The Merchant Shipping Act of the United Kingdom gives any vessel any privilege that we can give.

Q. So that it would be a matter of common consent for them just to do so?—A. Entirely a matter for themselves.

Q. Secondly, is it a fact that the Merchant Marine in the early part of its existence had British instead of Canadian registry?—A. No, every vessel constructed here was originally registered here.

By Mr. Rinfret:

Q. My question was whether that inspection involved expense on the part of the vessel owner. I understand Mr. Johnston said "Yes."—A. Yes.

Q. That would very likely account for the fact that the shipowners would rather register in England. I remember Sir William Petersen himself said he would register his ships in Canada but he wanted to save money. I suppose that would be the reason. So it is really more costly to register a ship in Canada at present.—A. It is, by reason of the fact that the vessel owner, whether he has inspection by the Canadian Government or not, will for the purposes of his insurance, require to be certificated by Lloyds, by the British Corporation.

[Mr. Alexander Johnston]

By Sir Eugene Fiset:

Q. But you compel those people to pay for that examination here?—A. Yes, we do.

Q. Is that a Departmental regulation?—A. No, it is a Statutory provision.

By Mr. Symington, K.C.:

Q. One question of Mr. Johnston while he is on that subject. Mr. Johnston, have you considered that the Merchant Shipping Act, the Imperial Act, applies all over the Empire?—A. Yes.

Q. And overrules any Act we might pass?—A. That is my understanding.

Q. That is your understanding as Deputy Minister?—A. Yes.

The CHAIRMAN: As a matter of fact, Mr. Symington, I went into the Department of Justice the other day, and I asked them if they would give me a formal opinion on that very point.

Mr. SYMINGTON, K.C.: That is all right then.

The CHAIRMAN: Mr. Black, did you have a question you wanted to ask?

Mr. BLACK (Halifax): You have had some discussion on that point of inspection; I did not get it all, but I will merely remark that the shipowners of the Maritime Provinces have, for years, been protesting against this double inspection. Lloyds, or the representative of Lloyds, will come one week and inspect the boilers of a ship, put them under heavy strain, and so on, and next week along comes the Canadian inspector and he has to do the same thing. It is an outrage that some arrangement cannot be made between these authorities, that a certificate by one could be accepted by the other.

By Mr. Black (Halifax):

Q. May I ask the witness, looking at this plan if, in his opinion, the facilities for loading and discharging connected with that ship will enable her to handle her cargoes in and out any more quickly than can the larger ships of the Merchant Marine?

The CHAIRMAN: Just give us that question again, Mr. Reporter. This is addressed to Mr. Duguid?

Mr. BLACK (Halifax): Yes.

(Whereupon by direction the reporter read back the last preceding question.)

The WITNESS: The hatch arrangements, the number of hatches is practically similar to the Merchant Marine boats; the derricks—there is one more. I do not think there is very much difference in the arrangement which would enable a cargo to be loaded or unloaded very much, if any, quicker than in the government boats.

The CHAIRMAN: Now, has any one any further questions?

By Mr. Symington, K.C.:

Q. Mr. Duguid, you designed the Merchant Marine boats?—A. Yes.

Q. They are your ships?—A. Yes.

Q. You are rather proud of them?—A. Modest.

Q. Now, do you know of an engineer, Mr. Alexander Murray, of Glasgow?
—A. No, I do not know him.

Q. A marine architect?—A. No.

Q. Of Glasgow and London?—A. No.

Q. You know of the firm of Harlan and Wolfe?—A. Yes.

Q. A high-class firm?—A. Yes.

Q. With able architects, no doubt?—A. The best.

[Mr. Alexander Johnston]

Q. Who have designed great ships?—A. Yes.

Q. Now, let me ask you, is it not so that the more cubic capacity you can get in a boat, the better, because you can get more lighter cargo?—A. That is true.

Q. And that is true about that boat, is it not?—A. Yes.

Q. That is, you can build a boat and fill it to its water line with heavy cargo, but the more cubical space which you can load, the more lighter cargo, the better?—A. Yes.

The CHAIRMAN: Just answer distinctly, so it will get down in the notes.

The WITNESS: The answer is "yes".

By Mr. Symington, K.C.:

Q. Would you see if this statement is correct, with respect to this shelter deck type, as it has been called? Shelter deck space is not included in the registered tonnage, ordinarily?—A. Correct.

Q. But dry and perishable cargoes are admissible and carried in the same between decks?—A. Correct.

Q. Dry and perishable cargo can be carried in that space between these decks?—A. Yes.

Q. Shown on that plan?—A. Yes.

Q. The difference between the shelter deck and other types is that the main deck is the lower deck in the former, and the upper deck in the latter?—A. Would you mind repeating that?

Q. The difference between the shelter deck type and the other type is that the main deck is the lower deck in the former and the upper deck in the latter?—A. Correct.

Q. An the shelter deck is a lighter structure, with lighter scantlings superimposed over the main deck tonnage?—A. An open shelter deck.

Q. The measurements are made from main deck downwards; other older types of vessels having upper deck as main deck are allowed greater immersion and less freeboard?—A. Yes.

Q. Any kind of cargo, perishable and otherwise, and cattle, can be carried in 'tween decks or the shelter deck type?—A. And cattle?

Q. Yes?—A. Correct.

Q. And the gross registered tonnage is the cubic capacity of the vessel below the main deck, plus certain small additions for hatchway and houses, ascertained according to the Board of Trade scale, divided by a constant?—A. That is correct.

Q. Is that constant one hundred?—A. One hundred.

Q. In order to convert to tons net register tonnage? That is the way you convert it into net register tonnage?—A. Yes, by dividing by one hundred.

Hon. Mr. STEVENS: I think, Mr. Symington, you used a term there Mr. Duguid did not catch. You said the gross registered tonnage, and I do not think it is the gross registered tonnage.

The WITNESS: You are talking about the gross tonnage.

Mr. SYMINGTON, K.C.: Gross registered tonnage is what I said, but you say gross tonnage?

Hon. Mr. STEVENS: Is there such a thing as "gross registered tonnage"?

The WITNESS: The word "registered" is not used in connection with it.

By Mr. Symington, K.C.:

Q. This tonnage—that is, the net register tonnage—is roughly one-third less, allowances for space occupied by the crew, propelling, and stores—

The CHAIRMAN: I suppose "propelling machinery"?

[Mr. Alexander Johnston]

By Mr. Symington, K.C.:

Q. Propelling machinery, boiler room, and stores.—A. Would you repeat that?

Q. The net register tonnage is roughly one-third—.

The CHAIRMAN: Why not ask him what the net register tonnage is, and he will tell us.

Mr. SYMINGTON, K.C.: I think it is easier for us to get it this way; I do not think any of us are technical enough to put this in our own language.

By Mr. Symington, K.C.:

Q. This tonnage is roughly one-third less, with allowances for space occupied by crew, propelling machinery and stores. Is that right?—A. I do not quite follow the way you put it sir. I might say that the net tonnage of a ship of this description is from 60 per cent to 65 per cent of the gross tonnage.

Q. 60 per cent to 65 per cent. That is roughly two-thirds?—A. Do you mean a one-third reduction?

Q. Yes.—A. Yes, that is the same thing.

Q. One-third, and in addition to that you take off the crew space and so on, and that would bring it to about what you say?—A. Yes, 60 per cent to 65 per cent.

Q. With respect to unloading, is electrical machinery an improvement?

The CHAIRMAN: What was that?

By Mr. Symington, K.C.:

Q. With respect to unloading, is electrical machinery an improvement?—A. I think it is, for Canadian climates, yes.

Mr. SYMINGTON, K.C.: That is all, I think.

The CHAIRMAN: Are there any further questions?

Mr. McKENZIE: There is just one question I would like to ask.

By Mr. McKenzie:

Q. Do I understand you to say, Mr. Duguid, that cattle and perishable cargo could be carried in the shelter deck space?—A. Yes sir.

Q. Or, "cattle or perishable cargo?"—A. "Or?"

Q. You could not carry cattle and perishable cargo at the same time in that shelter deck?—A. I do not think so.

Q. Could you, as a matter of fact, carry in the shelter deck space different commodities which would be subject to taint, one would taint the other? Could you do that in the shelter deck space?—A. Divided off as the shelter deck would be, yes.

Q. There are no bulkheads in a shelter deck?—A. You could put bulkheads in, provided you leave a certain space at each side of the ship open.

Q. Are those steel bulkheads?—A. They may be steel or wood.

Q. Immediately you put steel bulkheads in, do you not come into the sphere of tonnage dues?—A. Not if you leave the opening.

The CHAIRMAN: Any more questions? If not, I will discharge the witness, with the sincere thanks of the committee for the able way in which he has enlightened us.

The witness discharged.

The CHAIRMAN: Now, the next witness. Have we finished with every one except the Minister? Will Mr. Low come forward?

[Mr. Alexander Johnston]

THOMAS ANDREW LOW called and sworn.

By the Chairman:

Q. Your name is Thomas Andrew Low?—A. Yes sir.

Q. You are the Minister of Trade and Commerce of the Dominion of Canada?—A. Yes.

Q. Your home is in Renfrew, when you are at home?—A. Yes sir.

The CHAIRMAN: Sir Henry, you had some questions to ask Mr. Low.

Sir HENRY DRAYTON: Yes.

By Sir Henry Drayton:

Q. Mr. Low, we have learned that Sir William Petersen met you in London and handed to you a memorandum setting out the terms under which he would be willing to discuss this question with you. Have you that memorandum?—A. Yes, I think the whole thing is in that confidential file.

Mr. RINFRET: Mr. Chairman, this is going to be very important and interesting evidence, and I wonder if Sir Henry Drayton would favour us by moving closer to the witness and giving everyone a chance to hear him?

Sir HENRY DRAYTON: Yes, I will do that.

The CHAIRMAN: That is a very good suggestion.

The WITNESS: I might say, Mr. Chairman, that that is a confidential file between the Cabinet, myself, and Sir William Petersen.

By Sir Henry Drayton:

Q. The first thing I note is that we have the memorandum which starts out (Reading:—

“X is prepared to negotiate with the government for a steamship service between Canada and Great Britain:—

“ (1) To be independent and free from the control of the Atlantic Steamship Combine or Conference.”

The CHAIRMAN: I must ask every one in the room to maintain perfect quiet while this evidence is going on.

Sir HENRY DRAYTON: I do not know that we need read all that, Mr. Chairman; it seems to be very largely following the previous discussion we have had. This is different, I think. (Reading):—

“X is now building a fleet of ten of the highest class ships of the most modern type, with internal combustion engines and up-to-date improvements such as electric appliances for loading and discharging, and to ensure economy and efficiency as to speed and fuel consumption, in internal fittings. These vessels will be, if necessary, delivered at as early a date as possible, so as to be available for the purpose intended in the foregoing. X understands, from conversations that have taken place with representatives of the government, that it is desirable that the Canadian products shall be carried overseas at lower rates than have been quoted or that are now quoted or will be quoted by the North Atlantic Steamship Combine, and that the lower emigrant rates are desirable from overseas to Canada. These are now available, and X desires to give these requirements. It is open to mutual arrangement whether provision for the steamship provision referred to shall be along certain lines, say,

“ (1) X will find three-quarters of the capital required.

“ (2) The government to find one-quarter of the capital required.

“ (3) The government to supplement the said one-quarter of the

capital by a subsidy to be agreed upon between the contracting parties, and sufficient to ensure the running of the ships at a much lower emigrant and freight rate."

Just at that point I want, Mr. Low, to ask you what was that low emigrant and freight rate; was the figure discussed at all?

Mr. SYMINGTON, K.C.: It is in there, in the earlier part of it, £6 to £8.

The WITNESS: £6 to £8 ; it is in there some place. Oh yes, No. 3, that is, "six to eight pounds." That is right. That was the rate. (Reading):—

"X proposes the following: X will issue a company in England on the following lines of capitalization; that is, (a) five per cent debentures representing fifty per cent of the value of the ships £675,000, and (b) seven per cent second debentures £400,000, and (c) ordinary shares to be subscribed by the Dominion Government, £500,000; the resultant total is £1,575,000.

"The capital £1,575,000 to be utilized as follows: in payment of ships £1,350,000; working capital £100,000; in payment of issue of new company, stamp dues, underwriting and other preliminary expenses, £125,000, making the total of £1,575,000.

"The balance of the ordinary shares shall be held by the Dominion Government who will undertake to hold the same.

"X to have the management agreement with the proposed new company on the lines of management existing with steamship companies now managed by X, and will organize and operate the ships in the Atlantic or other routes as may be deemed expedient and to the advantage of the Dominion Government and undertakes to work loyally with the Canadian Government Railway System and its present fleet of ships."

Q. What was meant by that, Mr. Low?—A. That last clause?

Q. "The balance of the ordinary shares shall be held by the Dominion Government"; was the Dominion Government to put up the money?—A. The Dominion Government was to put up a certain amount there, and they were to hold all the common stock.

Q. And apparently they were to put up £500,000; is that so?—A. I think so.

Q. Then, "X to have the management agreement with the proposed new company on the lines of management existing with steamship companies now managed by X". What was that?—A. That was another company, which has been referred to before this Committee, and they were to manage the shipping in England.

Q. That is the Thompson Company?—A. I do not know what he had in mind. I presume he had one of his own companies. He did not state the name of the company.

Q. Did he state the bases of the management agreement, and what the existing lines of management were?—A. No, we did not go into that detail at all.

Sir HENRY DRAYTON (Reading):—

"The fixed charges on the 10 ships referred to in the preceding paragraph would work out as follows: five per cent debentures per annum—the debentures were £675,000—"per annum, £33,750; seven per cent second debentures £400,000, per annum, £28,000; redemption of debentures and depreciation, say, £91,750".

Q. Could you tell us conveniently, at this point, Mr. Low, the processes under which we work up from an annual charge of £91,750 to the annual charge covered by the present agreement?—A. Well, that charge there (indicating)

[Hon. Thomas A. Low.]

represents interest on the debentures alone; the other represents interest and depreciation and interest on the common stock.

Q. Oh, and other things as well?—A. Yes, other things as well.

Q. And other things as well?—A. Yes.

Q. I was just wondering what the process was in working up the ante here from £91,750—perhaps it would be convenient to tell me what the next proposal was, before we go on with this?—A. You will find them all in order there.

Q. Perhaps you can tell me which one, then?—A. They are right in order there.

Q. Well, then we may have to go through it that way if it is more convenient to you, but we will have to come back to it. (Reading):—

“Subject to ordinary expenses, such as insurance, crews’ wages, provisions and management, the balance of revenue including the suggested subsidies would belong to holders of the ordinary share capital of the company”.

That would be the country?—A. The Dominion Government, yes.

Sir HENRY DRAYTON: (Reading):—

“In order to cope with the developments in freight traffic which are bound to follow, the shipping project referred to should be based upon extensive immigrant business. If it is approved, a further fleet of ships of larger size, special design and higher speed will be required. Such additional fleet would probably cost £2,000,000. Of this additional capital X would also undertake to provide three-quarters as against the guarantee by the Dominion Government on the lines already suggested. With such up-to-date ships and line organized on the basis suggested, the Dominion Government will be in a position to insure transportation of all products at the absolute minimum rates, independent of the Atlantic Combine, or any other competing lines.

“It is suggested that the co-operation in the suggested service include the service now under the control of X, and the Canadian Government Merchant Marine, and may be carried out so as to avoid the annual deficit, to which the Canadian Government Merchant Marine is subject.

“The further possibilities of enlarging the suggested service so as to include ordinary passenger accommodations may be considered as possibly a further development. It might also be advised that the Dominion Government shall agree that the earnings on the ordinary stock held by them shall be applied to a further reduction in freight rates on particular commodities named by the Dominion Government, or to an extension of the services.

“In order to complete the fleet now building, and to build the additional ships that are necessary, and also afford time for organization, it is most essential that the negotiations shall be strictly confidential as between X and the Canadian Government. That is necessary in view of the very powerful influences being exercised to prevent such service being brought into existence.

“X will enter into a definite agreement to carry the entire undertaking upon the terms to be arranged as a result of these preliminary negotiations. X is confident it is possible to manage such a service to the satisfaction of the Dominion Government and with advantage to the Dominion of Canada, and would be glad to have further conversation on this subject with a view of arriving at a mutually satisfactory agreement, in order to carry out the ends submitted in the earlier part of this memorandum.

"X submits that by the proposal on the basis of this proposal, it will be possible to secure for Canadian products the most efficient and cheapest transportation in the world.

"X proposes as part of the general transportation project that the Government make a careful survey of the conditions under which wheat is carried between the upper lakes and Montreal and Quebec by water, and Winnipeg and Quebec by rail, with a view of securing the closest connections with the proposed Atlantic service, at a minimum cost, together with an effort to divert a portion of the western wheat through a Canadian channel, which is now consigned to Europe through United States ports, thus avoiding the obvious disadvantage to Canadian interests under existing conditions."

By Sir Henry Drayton:

Q. Now, Mr. Low, are we right in understanding that this interesting document was handed to you by Sir William Petersen the first day you saw him in London?—A. No, not the first day.

Q. Which is the one that was handed to you the first day?—A. This was handed to me two or three days later. There was none handed to me the first day. This (indicating) was handed to me two or three days after our first meeting.

Q. You got that two or three days after you had first broached this subject with Sir William?—A. Yes.

Sir HENRY DRAYTON: I suppose we need not take up the time about the second proposal; that is, the proposal as to the boats for immigrants, and possible passengers, because that has been done, so we can drop that phase of it; it is a fairly long phase. That is marked "Agreement, first form" is it not?

The WITNESS: Yes, that is the first form.

By Sir Henry Drayton:

Q. Then we have the agreement of the second form. When was that arrived at?—A. That was submitted by Sir William Petersen after he arrived in this country.

Q. That was submitted by Sir William after he arrived here?—A. Yes.

Q. Is this his lawyer's agreement—an agreement drafted by his lawyer?—A. I do not know who drafted it; it was submitted by Sir William.

By the Chairman:

Q. Handed to you by Sir William himself, sir?—A. Handed to me by Sir William himself.

By Sir Henry Drayton:

Q. About when would that be?—A. In November.

By the Chairman:

Q. Of last year?—A. Yes.

By Sir Henry Drayton:

Q. Whom did you see in connection with this agreement, Mr. Low?—A. It was submitted to Council.

Q. This first one?—A. Yes.

Q. It was submitted to Council?—A. Yes; there was nothing done in connection with it.

By the Chairman:

Q. Nothing done in connection with what?—A. The second agreement.

[Hon. Thomas A. Low.]

Sir HENRY DRAYTON: The second form.

By Sir Henry Drayton:

Q. Can you tell me, from memory, what the subsidy was in that?—A. I think it is set forth in the agreement there; I do not just recall what the terms were; I have not read it over to-day.

Q. I notice this also contemplates the immigration business, does it not?—A. Perhaps so.

Q. (Reading): "The Government agrees to carry immigrants"—for example, on page 4—"from Great Britain or the Continent of Europe to Canadian ports at rates to be fixed by the contractor and representatives of the Minister." In the first draft it read, "Not less than six pounds nor more than eight pounds," but that has been changed to "between six and eight pounds."

This agreement, Mr. Chairman, still continues the idea of a partnership, so I do not believe we need bother very much about it.

By the Chairman:

Q. After all, that idea was abandoned?—A. It was abandoned, yes.

By Sir Henry Drayton:

Q. Now, we have the third summary. This is marked "third summary." None of them seem to be dated at all.—A. They are dated in blank.

Mr. SYMINGTON, K.C.: In November.

By Sir Henry Drayton:

Q. One in blank?—A. They are in blank. It gives the month there.

The CHAIRMAN: The date is not fixed, but the month of the year is?

The WITNESS: Yes.

The CHAIRMAN: The second summary is in November, and the third is in November, too.

Sir HENRY DRAYTON: Mr. Chairman, during the interim I have hurriedly read over this file with Mr. Low, and I think we can cut out a lot of documents on the file that do not seem to be of any very great importance.

By Sir Henry Drayton:

Q. The next one I note that has a change in it, and which perhaps I ought to call the attention of the Committee to, is the memorandum of November 19th, received by the Minister on November 19th. Those are your initials, Mr. Low?—A. Yes.

Q. Dated by the Minister himself?—A. Yes.

Q. Under this memorandum it is stated:—

"It is proposed to make an agreement with the contractor for the formation of a company which will establish a fleet of ten ships plying between Great Britain and Canada. These ships, two of which are now under construction, to be of approximately 9,000 tons each and having a speed up to 11 knots per hour. They are to be modern in every particular, oil burning, and with cold storage and cattle accommodation. Maximum rates for all commodities to be exported are to be fixed by and with the control of the Government. The ten ships are to cost approximately 1,350,000 Pounds, of which three-quarters are to be found by the contractor, and the remaining one-quarter by the Government. The Government will also find 150,000 Pounds for the formation and organization expenses of the company, including underwriting, stamp dues and naval architect's fees, and a further 150,000 Pounds working capital, and all ordinary shares except directors and other qualifying

shares shall be issued to the Government, who will control the same. The Government will pay the company annually a subsidy of 150,000 Pounds for ten years, commencing June 1st, 1925. There will be ten directors, six to be appointed by the contractor and resident in London, and four by the Government and resident in Canada. The company is to be managed according to the usual management agreement by the contractor's firm."

Did you get any further or other information upon that point, Mr. Low; do you know what commission was collected under that management agreement?—A. I was told they were going to charge us 5 per cent.

Q. Who told you that—Sir William Petersen?—A. Sir William Petersen.

By the Chairman:

Q. Five per cent on what?—A. On the business of the company.

By Sir Henry Drayton:

Q. Which you received?—A. Which we receive.

Q. "The contractor to have the right to issue 25,000 deferred shares of a par value of one Pound each, for organization purposes, to carry a right to one-third of the net profits after a 10 per cent dividend has been earned or paid upon the ordinary shares. That the cost of operation, including fixed charges and all other expenses is estimated as per schedule attached. These figures have been checked and verified by Mr. Teagle, of the Canadian Government Merchant Marine. Forms of agreement are ready to be placed in the hands of the proper department for approval."

It is still contemplated by the Government to make an investment in the stock?—A. Yes.

Q. On which a 10 per cent dividend apparently was to be paid?—A. Yes.

Q. They were also to give a subsidy of 150,000 Pounds?—A. Yes.

Q. Under that arrangement?—A. Yes, and certain other advances.

Mr. SYMINGTON, K.C.: Three hundred thousand.

By Sir Henry Drayton:

Q. The basis of payment of certain things is continued, but the subsidy goes from 91,750 Pounds to 150,000 Pounds?—A. Yes.

Q. Was any detail at all discussed between you and Sir William Petersen as to that, Mr. Low?

The CHAIRMAN: As to what?

By Sir Henry Drayton:

Q. In connection with this increase in the subsidy?—A. No, it is all contained in the memorandum there.

Q. Then after that we have what seems to be the suggestion which in the long run practically is the one carried out?—A. Not that one.

Q. Not that one?—A. No.

Q. This is a letter of November 30th, which involved a definite fixing of rates?—A. And advances I think in that clause.

Q. Well, let us see about that.

"The suggestions you made to me on Friday last have been carefully considered by me over the week-end."

Those suggestions were that the ocean rates be definitely fixed at a maximum of two-thirds of the ocean rates at present in force?—A. That arrangement was never carried out.

Q. The second is:—

“That your Government lend me sufficient money on my personal guarantee collaterally secured by third debentures of the shipping company to be formed by me, in order that the scheme may be carried out along the lines first suggested by me but avoiding the question of public ownership.”

That was not carried out?—A. No.

Q. “With regard to the first suggestion, I believe it would be most advisable and to the best advantage of the citizens of Canada that the control of ocean rates should rest in the hands of the Government, and in order to meet the objections which have been raised to direct Government control of such freight rates, I respectfully venture to suggest the following:—

“(a) The Government shall create an office to be termed Controller of Freight Rates.”

The CHAIRMAN: May I ask this, Sir Henry; the letter you are reading is from whom to whom?

Sir HENRY DRAYTON: It is from Sir William Petersen to the Minister, Mr. Chairman.

“(a) The Government shall create an office to be termed Controller of Ocean Freight Rates.

“(b) That this office shall be filled by someone who is well acquainted with foreign trade conditions and ocean transportation, and in whose judgment and ability the Government has confidence.”

The WITNESS: That was the suggestion made by Sir William Petersen to the Government.

By Sir Henry Drayton:

Q. “(c) That this official shall exercise control over ocean freight rates, acting in co-operation with the Departmental head wherein his office may be located, and with the railway and steamship companies.

“(d) That his duty shall also be to act in close touch with manufacturers, producers and exporters, endeavouring to arrange ocean freight rates mutually satisfactory to all parties concerned, and thereby create a new artery to be kept in touch continuously with the trading community of the country.

“Finally, that these responsibilities would place the Government in the same position as to ocean freight rates as it now is with the Canadian National Railway, and the Board of Railway Commissioners.”

What action was taken by the Government on the suggestion that the Government should, as stated by Sir William Petersen, control rates in this way?—A. There was no action taken upon that suggestion at all.

Q. No action taken at all?—A. No.

Q. I point out to you that that would not cost anything except his salary, the salary of your official and the maintenance of an office. Why was that suggestion not gone on with? You had it from a practical steamship owner and operator. Why wasn't that done?—A. The whole proposal was turned down, and a new agreement entered into. In that letter there is a suggestion that we fix the rates definitely, and provide certain capital. That arrangement was abandoned altogether.

Q. We here have it in a concrete definite arrangement?—A. Read the clause again, the one you have asked me about.

The CHAIRMAN: Wouldn't the whole letter have to be taken together, Sir Henry?

[Hon. Thomas A. Low.]

Sir HENRY DRAYTON: The whole letter can be taken together; we can take what seems reasonable in it and what seems unreasonable in it and jumble it all up together, or we can take hold of something which in the opinion of Sir William Petersen would enable this country to regulate its ocean freight rates, without being put to the cost of a subsidy.

The WITNESS: Read the clause again, the one you were asking me about?

By Sir Henry Drayton:

Q. Why was it turned down, can you tell us that?—A. Because the first two paragraphs of that letter contained suggestions that we could not agree to, definitely fixing the rate.

Q. The first was that ocean rates be definitely fixed at the sum of two-thirds of the ocean rates at present in force?—A. It was not considered possible to fix them definitely. That answers that question.

Q. So that all goes?—A. Yes.

Q. But what is the matter with this, and thus getting away from the question of the two-thirds altogether:—

“In order to meet the objections which have been raised to direct Government control of such freight rates.”

Q. That is what you turned down here, fixing it at two-thirds of the present.

“In order to meet the objections which have been raised to direct Government control of such freight rates, I respectfully venture to suggest the following:”

And then comes this recommendation:

“That we should have some body having similar powers to the Board of Railway Commissioners in Canada, with control over Ocean Freight Rates.”

A. Well, that is a matter for the Committee to recommend, if they so desire.

Q. Going to you as Minister of the responsible Department, can you tell us why that suggestion was not given any effect to?—A. It was decided upon at Council to not consider it. That is the only reason I can give without divulging what I am not to state.

Q. I am not asking for anything you think is a Cabinet secret but I would have thought the Government would have wanted to show some reason for turning down a considered opinion of the gentleman they put forward as a great authority on this subject.—A. Well you will have that to consider, Sir Henry, when you are making your report.

Q. I thought it would help you if I gave you the chance now. It is fair of course, to read the whole letter.

The CHAIRMAN: “Timeo Danaos et dona ferentes.”

Sir HENRY DRAYTON: The gift here comes entirely from Sir William. He is making the same arguments for me.

The CHAIRMAN: Handed on a platter by Sir Henry.

Sir HENRY DRAYTON: “With reference to the second suggestion, I beg to advise that by lending me the amount suggested, instead of having the Government invest the same in the company, the fixed charges the company find it necessary to meet have thereby been increased to a very appreciable extent, as under the proposed arrangement the company have to provide for a definite interest charge on the amount loaned to me by the Government as well as make provision for the payment of the entire loan within the period of ten years; consequently I am of the opinion that it would be necessary to have an increase of subsidy in order to properly take care of these fixed obligations as they arise. I have attached hereto a memorandum showing how these figures are arrived at and respectfully submit the same to you for your consideration.”

[Hon. Thomas A. Low.]

I take it this is the memorandum which is attached?—A. Yes.

Q. This memorandum is the memorandum which gives first:

"Debentures £675,000. Interest at five per cent per annum, £33,750.

Redemption over 20 years, £30,000.

"Second: Debentures £400,000. Interest at seven per cent per annum £28,000. Redemption over 20 years, £18,000.

"Third: Debentures £550,000. Interest at five per cent per annum £27,500. Redemption over ten years, £50,000.

"Total £187,250.

"Contingencies £12,750.

"Canadian Government Merchant Marine, £25,000."

Could you tell us what this refers to, this item of £25,000 for the Canadian Government Merchant Marine?—A. I do not remember what that referred to, but the whole proposal was turned down and was not considered, on account of it containing a clause here fixing the rates definitely, and the advance of a certain amount by the Government.

Q. How much is the Government to advance?—A. Just as the cause states there, that your Government lend me sufficient money on my personal guarantee.

Q. But in your negotiations what amount was put in that sum of "sufficient money," how much was it to be?—A. There were so many negotiations and proposals submitted that it is almost impossible to keep these figures in my mind.

By the Chairman:

Q. Do you remember, Mr. Low?—A. No, I do not, Mr. Chairman.

By Sir Henry Drayton:

Q. Will this recall it to you at all; you have still to advance under that such money as is necessary?—A. Yes.

Q. First annual subsidy, first proposition £91,000. Second, £150,000. Third, £225,000. Now in this paragraph cannot you give us something more definite?—A. No, I really do not re-call just what was included there for operating or what he asked us to advance. I think in some former letter it is stated. I think you read it here a moment ago.

By the Chairman:

Q. Was it a large or small sum of money, Mr. Low?—A. If my memory serves me right it was about £150,000.

Mr. SYMINGTON, K.C.: More than that.

The Hon. Mr. Low: I am only speaking from memory.

By Mr. Symington, K.C.:

Q. May I suggest that to get away from public ownership, as it states, instead of the five hundred and the three hundred that you were to put in—to get away from public ownership you were to loan the amount?—A. The £500,000—it is an entirely different thing, Mr. Symington—represented the purchase price of the common stock.

Q. Quite so, and instead of that, he suggests, to get away from public ownership, you should lend it to him as against third debentures.

By Sir Henry Drayton:

Q. Now, Mr. Low, having been spoon-fed by Government Counsel, will you take the morsel?—A. I say the first proposal—

Q. He is doing his best.—A. No, I say the first negotiations were on the question of the purchase of £500,000 of common stock. That was the Government's first contribution towards the proposal.

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Q. You got rid of that long ago. Let us take the erratum.

The CHAIRMAN: The errata one by one? That is rather an alarming prospect.

Sir HENRY DRAYTON: We are getting along.

Hon. Mr. STEVENS: The higher it goes the more alarming it gets. That is the amusing part of it.

By Sir Henry Drayton:

Q. Then we come to the letter of December 7th and this is where we strike the irreducible minimum is it not?—A. Yes, but before we deal with that, perhaps Mr. Chairman, you will look at this.

The CHAIRMAN: Mr. Low is anxious, gentlemen of the Committee, that I should read a letter that he addressed to the Prime Minister. It is dated November 21st, 1924. I presume no one has any objection to my reading this to the Committee?

Sir HENRY DRAYTON: Not the slightest.

Hon. Mr. Low: I might say, Mr. Chairman, that it deals with the negotiations up to the 21st November.

By the Chairman:

Q. Recapitulating them?—A. Yes.

The CHAIRMAN: I will therefore read:—

“My dear Mr. KING,—In the Speech from the Throne at the opening of the last Session of Parliament, it was stated that the removal of discriminations in Ocean Rates on Canadian products was receiving attention, and that as a stimulus to stock raising in the Dominion and of direct benefit to agriculture, the Government had been endeavouring to obtain a lower carrying charge on all shipments of Canadian cattle.

As a first step towards the realization of the purpose outlined in the above sentences, an item was placed in the estimates to provide for the institution of an investigation into the whole matter of Ocean Freight rates on Canadian products. Mr. W. T. R. Preston was later instructed to proceed to England to make a detailed investigation into the whole matter. Following Mr. Preston's preliminary investigations in the ports I myself visited England and there continued this line of enquiry with Mr. Preston.

In England I discussed the matter with Sir William Petersen, who is now in Ottawa, to continue discussions and negotiations which we then initiated during my visit to London.

Before you left for your recent trip through the west, you will remember that a special sub-committee of Council was appointed to examine the negotiations up to that date. This sub-committee consisted of the Honourable Mr. Graham, the Honourable Mr. Robb and myself. We have had several conferences with Sir William Petersen and are now of the opinion that we have reached a stage in the proceedings where a full discussion of the whole matter should be held in Council.

The proposal which has been under discussion with Sir William Petersen might be briefly summarized as follows:—

1st. That he establish an independent steamship line to operate between English and Continental ports and Canada, the said line in its operations to be free from any connection with or control of the Atlantic Steamship Combine or Conference or any other steamship combine or Conference.

2nd. That the Government have control of all transportation rates which shall be charged by the said line or company.

3rd. That due provision be made that immigrants shall be carried from the ports of Great Britain and the Continent of Europe to Canadian ports at a rate of approximately £6 and not exceeding £8 for passenger transportation between the said European or British ports and Canadian ports.

4th. That the ocean transportation rate for cattle per head shall be so calculated as to place the cattle trade in Canada upon a profitable basis and that in no case shall the transportation charge on the carriage of cattle exceed a maximum rate which shall be fixed from time to time by the Canadian Government.

5th. That the ocean freight rate on natural and manufactured products of Canada for export shipment should likewise be fixed from time to time by the Canadian Government.

6th. That special provision shall be made for the carriage of perishable and partially perishable products to overseas markets.

7th. That a maximum ocean freight rate shall be fixed for the transportation of wheat and other grains and shall likewise be reviewed from time to time by the Canadian Government.

8th. That Canadian mails shall be carried free on the boats of the company operating under this agreement.

9th. That the said contract if recommended shall be entered into for a period of not less than ten years.

Sir William Petersen has submitted a memorandum setting forth the estimated operating cost per boat, per trip, and also the earning per boat, per trip. In arriving at this calculation, it is assumed that each boat is able to secure cargo for one way only, that is, when east-bound, and the calculation is made on this basis. While accepting this calculation, it may be safely assumed, however, that some westbound cargo may be obtained for these boats. These figures have been reviewed by Mr. Teakle of the Canadian Government Merchant Marine on the suggestion of Sir Henry Thornton. As the result of his enquiries, Mr. Teakle has slightly raised the cost figures submitted by Sir William Petersen. I have taken the further precaution of adding 25 per cent advance for contingencies to the calculations fixed by Mr. Teakle. Even on this basis, I am convinced that a reduction of at least 33 per cent in transportation could be effected by the adoption of this proposal over the prevailing rates now being charged for the transportation of our products.

Sir William Petersen proposes that he shall find 75 per cent of the capital required for the financing of the project and that the Government should provide the other 25 per cent and these sums should be further supplemented by a subsidy of £100,000 per annum. For the money to be provided by Sir William he proposes to issue first mortgage debentures to the extent of fifty per cent of the value of the ships, to provide the other 25 per cent he proposes to issue second mortgage debentures. This would leave 25 per cent of the capital of the said company in ordinary shares of common stock. This would be taken up by the Government which would thus own the sum total of the ordinary shares and would therefore have full control of the company. If at any time the first and second debentures should be retired then all the assets of the company including the boats would become the property of the ordinary shareholders, or in other words, of the Government of Canada.

There seems to be little doubt that by such an arrangement a reduction could be made in ocean freight rates, but we require to look at this matter from several different angles.

"We must remember that there is the Canadian Pacific Railway with its great fleet of ocean liners for both passenger and freight traffic. We would have to consider the effect of this proposal on the business of this company, which is one of the largest taxpayers in the Dominion of Canada. It would be practically impossible for the Canadian Pacific Ocean Services to compete in freight rates against a subsidized line. It would therefore be necessary to keep this fact in mind, and consider what arrangements we might be able to make to cover this situation.

"In the second place, in any arrangements that might be undertaken, it would be necessary for the Government to examine the possibilities thoroughly, with a view to safeguarding the interest of the Canadian National Railways and the Canadian Government Merchant Marine.

"Should Council decide to enter upon this agreement there are further details then to be considered:—

"1st. It is proposed to make an agreement with the contractor, who would construct a fleet of ten ships to ply between Great Britain, the Continent, and Canada."

2nd. These ships, two of which are now under construction, would be approximately 9,000 tons each and would have a speed of 11 knots per hour. They are to be of modern construction in every particular, oil burning and with cold storage and cattle accommodation, the ships themselves to be approved by a competent marine authority.

"3rd. It is estimated that these ten ships would cost approximately £1,350,000. To this would be added working capital of £150,000, plus underwriting and other preliminary expenses which would amount to £125,000.

"4th. The company would operate under the management of a board of directors to consist of 10 members, 6 to be appointed by the Government and 4 to be appointed by the contractor.

"5th. The company would be managed according to the usual management agreement by the contractor or his firm.

"Should Council decide to proceed further with the matter I would recommend that the Justice Department be instructed to request Mr. Eugene Lafleur to prepare a proposed form of agreement between the contractor and the government. I feel strongly that it is necessary when proceeding with this matter that we take every precaution and make every possible safeguard for the whole proposition is one of such importance that I believe the government should secure the very best counsel obtainable in Canada to handle the matter for it. Then at any time in the future we would be able to say that we had spared no effort to have the very best legal talent in the country pass on the agreement. Mr. Lafleur is such an outstanding figure in his profession that his advice would be above question in the matter."

By Sir Henry Drayton:

Q. I see from that, Mr. Low, that I have done you the injustice of passing over something. I thought I was trying to get all these different suggestions as to the subsidy, and if I heard the Chairman correctly there was to be a subsidy, according to your letter there, of £100,000 a year. Was there a proposition of that kind, too?—A. Just whatever is stated in this letter, Sir Henry:

Q. I wish you could show me where that one is in the confidential memorandum; I must have missed it and I do not want to be unfair.—A. I think you had it here.

Q. No; I had £91,000; £150,000; £225,000, and we are just going to take the final jump to £275,000.—A. I think there is one here.

Q. See if you can find it; I could not see it. Perhaps Mr. Symington knows about that.—A. No, I do not think Mr. Symington has seen this file at all.

Hon. Mr. STEVENS: I think he has seen it all right; he seems very familiar with it.

Mr. SYMINGTON, K.C.: I saw it this afternoon.

The WITNESS: If he did, he saw it this afternoon for the first time. There is a reference in this letter to £100,000.

By Sir Henry Drayton:

Q. £100,000 subsidy?—A. Yes. "Sir William Petersen proposes that he shall find 75 per cent of the capital". According to that, we were to find 25 per cent of the capital, as well as a subsidy of £100,000.

Q. Yes, but then you are to get 10 per cent on your capital?—A. Yes, I know; that would be a return to the government.

Q. That is fine business.—A. Ten per cent of a return would be.

Q. Ten per cent is much more than the government generally gets; it would be good business. Can you point out the supporting memorandum for this suggestion?—A. No, I do not see it.

Q. I do not think there is any. I think that has been dropped by the wayside.—A. No, I do not think there is anything dropped.

Q. Then where is it? If there is nothing dropped, where is it?—A. There are really so many proposals—

The CHAIRMAN: Do you need that when you have the letter?

Sir HENRY DRAYTON: I should think if there is a memorandum supporting the proposition to get a nice stock holding, on which we would be getting 10 per cent, and get off with a subsidy of £100,000 instead of £275,000 and no ten per cent, it would be interesting to know about it.

The CHAIRMAN: Sir Henry, I am willing to spend any reasonable amount of time—

The WITNESS: I want to clear this up, Mr. Chairman, and I think it is based on this, a memorandum submitted by Sir William Petersen. It states here that we were to provide £500,000, and he cites the fixed charges as £91,750, on the first debentures and on the second debentures.

By Sir Henry Drayton:

Q. That was what he was to get looked after?—A. The £100,000, I have no doubt, was based on that proposal.

Q. You just took that for a round figure, instead of £91,000?—A. Probably that is it.

Q. I see.—A. I wanted it cleared up.

Q. That does not make so much difference then. That is all about that. Then we will get down to the letter of December 7th. Oh, by the bye, before we take up the letter of December 7th, this went to a subcommittee?—A. Yes.

Q. This went to a subcommittee consisting of—A. Hon. Mr. Graham, Hon. Mr. Robb and myself.

Q. The three of you?—A. Yes.

Q. And how many meetings did the subcommittee have?—A. We had two or three meetings with Sir William.

Q. Where were they held?—A. Some of them in the Chateau and some of them in my office.

Q. Would you have any minutes of those meetings at all?—A. No, there were no minutes.

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Q. None at all, just discussions and no records of them?—A. No records.

Q. Anything in connection with memorandum of that kind?—A. No.

Q. For example, did you have before you from time to time a lot of pencil memoranda from Mr. Donald, or from Sir William Petersen?—A. I certainly had a lot of figures submitted to me.

Q. Do you remember any of those?—A. We number them there. I do not remember what all the figures were, but there were a lot of figures and calculations made from time to time.

Q. Have you any of your own calculations, made from time to time?—A. No, I have not.

Q. Have you any of their figures, except those produced here?—A. I have nothing but the figures I have submitted in that memorandum.

Q. Although you may have had others from time to time?—A. We may have calculated and figured from time to time, and there is no doubt we did.

Q. Then we come to the letter of December 7th. By the bye, did the three Ministers attend that subcommittee always, or were there just two?—A. I know they were there on two or three different occasions.

Q. The two of them besides yourself?—A. Yes.

Q. Then on December 7th we have a letter which seems to me to lead up to the final conclusion.

“Dear Mr. Low,—Since I was advised by you of Cabinet's decision yesterday, I have given this matter considerable thought and beg to submit the following proposal for the consideration of the Cabinet. I shall form a company and furnish the entire capital myself. It will amount to approximately £2,000,000, and shall establish and operate a fleet of ten modern, up-to-date ships, in the proposed service between British and Continental ports and Canada; the service to be commenced with from six to eight ships by May or June of next year, and to be extended from time to time as desired, from 20 to 30 ships with a subsidy in proportion. The government to have absolute control of the ocean freight rates; the government to pay to the company an annual subsidy of £275,000.”

There is the final jump. Can you turn up the figure supporting that figure, that £275,000?—A. No. That calculation was made; Sir William figured interest on his debentures; depreciation, common stock, and so on, and during the whole discussion he emphasized the fact he feared a rate war or a boycott. The subsidy was based on protection, something that would protect Sir William Petersen.

Q. One minute.—A. Just a moment; allow me to finish my answer.

Q. Very well, go ahead.—A. Having in my office a contract, the only contract that seemed to be along similar lines, one with the Royal Mail Steam Packet Company, the subsidy on that occasion represented about between 25 per cent and 30 per cent of the earnings of the company, and we figured—or I figured, rather—that a protection to the extent of about 25 per cent of the possible earnings of Sir William Petersen's ships would be a fair basis for a subsidy, and upon that basis the contract was entered into.

Q. I see. So your guiding star in this case was the contract with the Royal Mail Steam Packet Company?—A. Not altogether.

Q. What else? Let us have the other influence.—A. The greatest influence was that we were going to control the rates absolutely.

Q. Yes, but as to amount?—A. As to amount?

Q. As to the amount of subsidy, was your whole guide the contract with the Royal Mail Steam Packet Company?—A. No, not at all.

Q. Then let us have what it was.—A. I have told you it was based upon negotiations, and it was arrived at the same as every other subsidy is arrived

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at. We knew, as I have already stated, that this subsidy would represent about 25 per cent of the possible earnings of these ten ships. Therefore, we proposed to protect Sir William Petersen to that extent, in case of a rate war.

Q. Then let us just get to understand that.—A. Yes.

Q. The basis upon which you figure subsidies is a consideration involving, in the first instance, the possible earnings of the company. I assume that is the profits of the company?—A. Yes, and the investment; everything is considered, investment and possible earnings.

Q. Yes?—A. Yes.

Q. And the greater these possible earnings would be, the greater the subsidy?—A. No, not at all.

Q. How else can it happen, when you are going to have it 25 per cent.—A. That 25 per cent was merely a protection against Sir William Petersen running into a rate war or a boycott, anything of that kind, you see.

Q. Mr. Low, do you think you are doing yourself justice there?—A. Perhaps not.

Q. I want to be absolutely fair with you.—A. Perhaps not, but I am willing to accept a suggestion.

Q. Just go back to it again.—A. Yes.

Q. Your subsidy is fixed on the basis of 25 per cent of the earnings of this company?—A. Yes.

Q. And I am pointing out to you that under these circumstances the more money a company earns, in your opinion, the greater the subsidy ought to be.

—A. If the amount is greater, then the percentage runs down; if the subsidy is fixed definitely and the volume of business is greater, then the percentage is lower.

Q. Will you please point out to me anything in this contract that provides for anything of the kind?—A. There is no sliding scale at all; that is what I am pointing out to you, that the subsidy is a definitely fixed amount, and if the earnings of the company are larger, then the ratio of the subsidy is smaller.

Q. When it is fixed upon 25 per cent of the probable earnings, that cannot be?—A. Probable earnings, certainly.

Q. Then let us take another point. I will tell you how this used to be done. If it was thought that a company could not make money out of a service, in proportion to the amount that the company could not make in money, there was thought to be a justification for a subsidy if the service was necessary in the national interest. That was the former idea. It may be all wrong, but we can understand that we are departing from it. Now, we will take the next excuse—

The CHAIRMAN: Do not say "excuse"; that is hardly fair.

Sir HENRY DRAYTON: I do not care what the Committee call it.

The WITNESS: It does not matter, Mr. Chairman.

Sir HENRY DRAYTON: I do not care what the Committee call it; they can call it "reason" or anything else. I will take up the next thing that was said.

By Sir Henry Drayton:

Q. Now, the next thing that was said was that it was necessary for a heavy subsidy here, as I understand it—and correct me if I am wrong—because Sir William feared a heavy freight war, bucking up against the great Canadian Pacific—is that right?—A. I did not say the Canadian Pacific; all lines.

Q. Did you think anything of that?—A. I thought that is what I told you, that he was afraid of it.

Q. Did you think anything of that?—A. Certainly I did; I was impressed with it.

Q. Then tell me why it is, if that is the case, you wrote this letter in which you say: "We must remember that there is the Canadian Pacific Railway with

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its great fleet of ocean liners for both passenger and freight traffic; we would have to consider the fact of this proposal on the basis of this company, which is one of biggest taxpayers in the Dominion of Canada. It would be practically impossible for the Canadian Pacific Ocean Services to compete in freight rates against subsidized lines." That was your opinion when you wrote that letter?—A. That clause means exactly what it states.

Q. That was your opinion when you wrote that letter?—A. That was my opinion, yes.

Q. When did you change it?—A. It has not changed at all.

Q. Then why would there be any reason for giving a subsidy—because there was danger of a freight war?—A. A freight war—they are liable to make war, notwithstanding the position of the Canadian Pacific Railway.

Q. You think that notwithstanding the fact that the Canadian Pacific could not compete, they were likely to make war?—A. Certainly they might, in order to drive Sir William Petersen off the route.

Q. Let us see how we are getting on, and how we work up subsidies. In the first instance, we have what you told us in connection with the percentage on the probable earnings; in the next instance we have that which you have now told us, in your letter, and also in what you say Sir William Petersen told you, as to the rate war, and what is going to happen to the Canadian Pacific Railway; in the third instance we have the yardstick of the Royal Mail Packet Contract. Have we anything else?—A. No, unless you can suggest something else.

Q. I could suggest something else, but you probably would not agree with me. If I were to suggest what is suggested in the street, you would not like it.—A. You had the opportunity in your day, and you know how you arrived at these things. Perhaps you could tell the Committee how you arrived—

Q. I can tell the Committee this was a very improper way of arriving at it?—A. Perhaps it was; perhaps it was. Perhaps the Committee can suggest some better way. As I said to the House, if the Committee has any better method to submit, submit it.

Q. Now, Mr. Low, can you show me anywhere the figure—this is a long file and I will not bother taking you over the whole of it—can you show me anywhere where the total of the subsidy which has run up from £91,000 to £275,000 is justified? Can you show me the details justifying that £275,000?—A. No details there. It was justified on the ground that we had complete control of the rates, and could immediately make a reduction of 25 per cent, which would wipe out the subsidy completely.

Q. Were you shown figures justifying those totals?—A. Yes.

Q. By whom?—A. By Sir William. What details? On the basis of 25 per cent?

Q. No, the £275,000?—A. Sir William figured on debentures, and interest on his ordinary shares, and his depreciation.

Q. Were you shown a statement which showed how the £275,000 was made up?—A. There were a number of calculations made from time to time, and submitted to me during the negotiations.

Q. Can you show me just that one thing, where you were shown a statement showing how these £275,000 were arrived at?—A. Yes. Sir William Petersen at the time submitted a statement to me showing certain depreciations and interest charges, and involving £275,000.

Q. Now, let me see. There is interest—A. He had it worked out.

Q. Interest, depreciation—what else?—A. Interest on ordinary capital, ordinary shares, retirement, I think, of his debentures.

Q. Were you paying for anything excepting interest, depreciation and retirement, in that subsidy of £275,000?—A. Yes, we were paying for the control of ocean rates.

Q. At what figure did you put that in?—A. It is an arbitrary figure.

Q. How much did you put in for control of ocean rates?—A. It was not figured at all.

Q. I thought you were paying for interest, depreciation and retirement in order to get control of the ocean rates—A. Yes, that was included; that was part of the agreement.

Q. That is what you were paying it for?—A. Yes.

Q. There was not an item "Control of ocean rates, so much"?—A. No, but a mental calculation was taken into consideration.

Q. Was there anything excepting interest, depreciation and retirement, which you thought you were covering in favour of Sir William?—A. I do not recall it.

Q. Now, we will go to the other contracts. How many subsidy contracts have you got in your office?—A. I do not know. My deputy has a list of them. I cannot speak from memory.

Q. Let us see how they are administered, in connection with the administration of the office. There is an argument here that this contract can be justified by reference to another contract.—A. I would not put it altogether that way; the other contract was a guide, if there was any guide to be had in the office.

Q. I do not care how you put it. You can say it has nothing to do with it, or not, just as you please.—A. Go ahead.

Q. You can say it was an afterthought, and you never thought about it until yesterday or to-day, or you can say it was a guide?—A. It was a guide.

Q. Is that right?—A. Yes.

Q. All right, we can stick to that. So we have a guide for this contract, according to your evidence, in the contract for the West Indies Route?—A. Yes.

Q. And you have a lot of other contracts in your office?—A. Yes.

Q. One of the duties of your office is to go over these different subsidy contracts with a view of seeing if the necessity for the paying of the subsidy still exists?—A. Yes.

Q. Was this contract gone over?—A. It has been gone over.

Q. Were the earnings gone over?—A. Yes.

Q. Annual earnings gone over?—A. Yes.

Q. Were these annual earnings so small as to justify the continuance of the contract or not?—A. In the statement submitted, they were.

Q. They were so small. I see. As a matter of fact, from the information I have, the company was making four per cent. Was that wrong or right?—A. The statements are all here. My Deputy has them with him. They will show exactly the return for each year.

Q. The exact rate is a matter of a difference, but the duty of your Department, as you very well know, is to see that, in connection with the payment of these annual subsidies—

Mr. RINFRET: What contract is that?

Sir HENRY DRAYTON: The contract with the Royal Mail, which the Minister says was used as a guide, to some extent.

Mr. SHAW: It is the West Indies' service?

The WITNESS: It is the West Indies' service, yes.

By Sir Henry Drayton:

Q. That the contractor is not making such a sum of money, as will enable him to carry on the service without a subsidy?—A. That is right.

Q. And, on investigating that, you ascertained that the contractor was not making such a sum of money as would enable the service to be carried on, and therefore, you renewed the subsidy this year?—A. That is right.

Q. So much for that guide. Can we find another?—A. I thought you were going to find something?

Q. No, I am asking you.—A. I was waiting for your answer.

Q. Can you find anything? Can you give me another?—A. No, you have the whole thing.

Q. I think so.

The CHAIRMAN: Is that all. Has any other member of the Committee any further questions to put to the Minister?

By Hon. Mr. Stevens:

Q. Just one or two, Mr. Chairman. Mr. Low has stated, and I will just make this preliminary to my question—Mr. Low made the statement a moment ago that in arriving at the £275,000 subsidy, this sum is shown as a fixed amount and is calculated as being 25 per cent of the earnings of the ten ships?—A. That is correct.

Q. Therefore, I made a little calculation here, which I think will be borne out, if it is checked. The earnings will be £1,100,000 per annum for the ten ships, according to that calculation?—A. I will give it to you in dollars.

Q. I am giving it in pounds.

By Mr. Montgomery, K.C.:

Q. What is it in pounds?—A. I will give it in dollars.

Sir HENRY DRAYTON: Following the calculation you have made.

By Mr. Montgomery, K.C.:

Q. What are the pounds?

Sir HENRY DRAYTON: £1,100,000.

The WITNESS: I will give it quickly in dollars and cents. Roughly speaking, it is about £1,080,000.

By Hon. Mr. Stevens:

Q. We will say, £1,100,000?—A. Yes, all right.

Q. This, at 80 voyages per annum, would be £13,750 per voyage?—A. Yes, if you say so.

Q. That division, I think, is correct?—A. Yes, all right.

Q. Now, Sir William has stated in his evidence £10,000 per voyage—he states, “give me £10,000 per voyage and I will ask for no subsidy?”—A. If he states so, I suppose it is correct.

Q. Well then, why give him £13,750 per voyage?—A. For the reason which I have given. He argued that he feared a boycott or a rate war, and that was his protection, the subsidy.

Q. But he says here, now also having in mind the boycott, because he mentions that about every fifteen minutes—that is one of the threats in the air, always present, so it was in his mind?—A. You had it in mind yourself, when you were in charge of the Department. You had the same thing in mind.

Q. He said he was willing to accept £10,000, and would be satisfied?—A. Yes.

Q. I am asking why give him £13,750 per voyage, when he would be satisfied with £10,000?—A. I do not know what he said to the Committee. You have the contract. If you can make a better deal with Sir William before the Committee, make it.

Q. This contract is made— —A. I told you the subsidy represents 25 per cent of the earning power of the ten boats. Now, if you wish me to demonstrate it, I will take a pencil and do so. It is a very simple matter.

Q. Sir William says that his costs per voyage are £5,800 for a round trip, which is less than one half of the £13,750, for his costs, per round trip.

Mr. SYMINGTON, K.C.: Operating costs?

Hon. Mr. STEVENS: For each voyage it is £5,800. What is the need of a subsidy of double that amount?

Mr. SYMINGTON, K.C.: £5,800 is only the operating costs per voyage.

By Hon. Mr. Stevens:

Q. I say why a subsidy of twice that amount? What would bring about a subsidy of double that amount?

Mr. SYMINGTON, K.C.: I make that £3,000 and some odd.

Hon. Mr. STEVENS: The subsidy is, £275,000; the earnings will be £1,100,000.

Mr. SYMINGTON, K.C.: The earnings are £13,750; the subsidy is £3,000.

Hon. Mr. STEVENS: For his earnings, upon which the whole thing is based, but Sir William says he will be satisfied with an earning of £10,000 per voyage. Where is the need for such a large subsidy?

The WITNESS: Only for the purpose of reducing the rates. That would mean a further reduction of the rates. I always had in mind that the subsidy, whether it was large or small, would give us control of the rates, and we could wipe the subsidy right out.

By Hon. Mr. Stevens:

Q. You knew he reduced the rates 25 per cent?—A. If the statement of Sir William was borne out in this Committee, after investigation, I calculated we would immediately reduce the rates 33 per cent, which would take care of the subsidy, and would provide for the return of the taxpayers or the shippers of this country, not only the amount of the subsidy but several hundred thousand dollars besides.

Q. You figure, in your own statement on a reduction of 25 per cent?—A. I have already stated, in a letter that I sent to the Chairman this morning—I do not know whether he read it or not—

The CHAIRMAN: He read it.

The WITNESS: That I had in mind a reduction of 33 per cent, and if the Committee ratifies, or if Parliament ratifies the agreement, after it had been established that Sir William Petersen could operate his ships at the cost he has submitted to the Government, it was my intention to have a reduction of 33 per cent made in the rates. So far as these ten ships are concerned it will return to the taxpayers of this country, not alone the subsidy, but several hundred thousand dollars, in addition.

The CHAIRMAN: Have you any further questions?

Hon. Mr. STEVENS: No.

By Mr. Stork:

Q. In connection with the question of ocean freight rates, Mr. Low, you had a conference with the shipping companies in Montreal. What took place at that conference?—A. Well, the matter is pretty well set out in the correspondence that has been submitted to Parliament. I met the shipping companies in Montreal, on several occasions. At that time I had this one thought in mind, and that was the reduction in ocean rates upon cattle. I felt that the cattle industry of this country was a very important one, and if the Government of the day could do anything to encourage that industry that was struggling at the moment, that it was my duty, as Minister of Trade and Commerce, to make at least an attempt. I met the shipping companies' representatives in the city of Montreal and pleaded with them to make some slight reduction.

[Hon. Thomas A. Low]

I said to them, "If you will agree to make a reduction of \$1.50 or \$2 a head, I will ask the Government to supplement that by a subsidy, in some form or another, of \$5 or \$6," which would reduce the cost to, say \$8, which would add to the price of every head of cattle that the farmer had to sell in this country. That was my real object in meeting them. If the shipping companies, at that time, had shown the slightest desire to meet the wishes of the government or to co-operate with them, probably the whole matter would have been dropped, or rested there for the time being, but they showed no inclination to meet us, in the slightest degree, and no further negotiations took place, so far as the companies were concerned.

The CHAIRMAN: Any further questions? Has Counsel any questions? If neither Counsel nor the Committee have any questions, I am going to thank Mr. Low for his attendance here and discharge him as a witness.

Mr. MONTGOMERY, K.C.: I think it is only fair to say, in connection with that, that Mr. Preston was in England when all this took place.

The CHAIRMAN: We are very much obliged to you, Mr. Low. Is there any other witness we are to hear to-night?

Mr. SYMINGTON, K.C.: Are there any other witnesses at all, Mr. Chairman?

The CHAIRMAN: Well, there was Mr. O'Hara.

Sir HENRY DRAYTON: We do not need him, after the Minister's admission as to the other contracts and how they were dealt with.

Mr. SHAW: I saw it in the letter of the Minister this morning. Has the letter been filed?

The CHAIRMAN: I read all that to the Committee this morning.

The WITNESS: Do you wish to ask me anything about this, Mr. Shaw?

The CHAIRMAN: I want if possible to bring this hearing to a close.

The WITNESS: I am prepared to establish every statement made in that letter. The records of the office will establish every statement in that letter.

Mr. SHAW: I had forgotten that it was read.

The CHAIRMAN: Then that is all the witnesses we have to hear. I am sure we are all somewhat relieved to be through with the hearing.

Sir HENRY DRAYTON: There is one other witness, that is, Mr. Sayles, but I think we can take him without the aid of Counsel.

Mr. RINFRET: Who is that?

Sir HENRY DRAYTON: Mr. Sayles; he has some information on the chilled meat business; it is not at all technical.

The CHAIRMAN: The next question for us to decide is when we shall meet again. To-morrow is a legal holiday; the House is not going to sit, and I think this Committee has earned the right to a holiday as well as the House. Before we discuss the question of when we shall meet again, I have been told by Counsel that they are not desirous of addressing the Committee on the evidence. My own feeling, and I hope it will be concurred in by the members of the Committee, is that to have an adequate presentation of the facts it would mean that Counsel would really have to address us for several hours. Possibly we have followed the evidence closely enough to dispense with the argument of Counsel. Under these conditions, unless the members of the Committee feel differently to what I do in the matter, I am going to tell Counsel that we are very much obliged to them for all the help they have been to us, and that we will not require their assistance.

Sir HENRY DRAYTON: There was some memoranda to be filed by both parties.

The CHAIRMAN: This is subject to the filing of the memoranda.

[Hon. Thomas A. Low]

Sir HENRY DRAYTON: I think they would help the Committee if they would send in a memorandum, not too long and not too argumentative, giving the points they think ought to be considered in the evidence.

Mr. SHAW: I might suggest too that if Counsel would give us in a short form a statement of the legal situation, so far as the Merchants Shipping Act is concerned, and so far as the power of the Imperial Shipping Board is concerned, with references, I think it would help us.

The CHAIRMAN: I have asked the Department of Justice to give us an opinion as to the powers of the Merchants Shipping Act.

Sir HENRY DRAYTON: I think Counsel will be really of some assistance if they will put in a memorandum, simply indicating the different points they want to be considered, with a reference to the pages of the evidence supporting those points.

The CHAIRMAN: What do Counsel think of that suggestion? Of course Counsel will do just what the Committee wants them to do I feel certain. The Hon. Mr. McMurray feels that it would be helpful, and I will ask them to do that; just a brief, succinct presentation of the points on the side of the steamship companies, and—perhaps I should not say, “the other side,” but the view Mr. Symington takes and the view the steamship companies take of this matter.

Mr. MONTGOMERY, K.C.:—The whole thing?

The CHAIRMAN: The whole thing.

Sir HENRY DRAYTON: Make it as short as you like, certain things you think ought to be considered, and the supporting evidence at pages so and so, with your conclusions, in four or five lines.

Mr. RINFRET: Mr. Symington is assisting the Committee; he is not really representing any side.

Sir HENRY DRAYTON: If he just goes on representing the side he has been representing, he will be doing justice to it.

The CHAIRMAN: Are Counsel taking the instructions the Chair is giving?

Mr. SYMINGTON, K.C.: I am at the service of the Committee, Mr. Chairman. I have no doubt that whatever you ask me to do, I will do. Mr. Montgomery has a right to do anything he wants to do; that is his position, I suppose.

The CHAIRMAN: You might bring out before us the points you think particularly merit our attention, and Mr. Montgomery will do the same, perhaps approaching the subject from a somewhat different angle.

Sir HENRY DRAYTON: I would go further, and ask Mr. Donald to put in a memorandum.

The CHAIRMAN: And I will go farther than that, and add Mr. Flintoft and Mr. McKenzie.

Sir HENRY DRAYTON: No, that will be too many.

The CHAIRMAN: We do not need to read them unless we want to.

Mr. MONTGOMERY, K.C.: I hope the Committee will not ask me to prepare a statement and then not read it.

The CHAIRMAN: Sir Henry Drayton suggests that Mr. Symington and Mr. Montgomery and, if Mr. Donald desires, he should put in a memorandum also.

The next question to decide is, when shall we meet again for conference? I do not want to meet to-morrow, and I do not think we should meet to-morrow. I would suggest that we meet on Friday morning at 11 o'clock. A smaller room than this will suit our convenience better. Shall we say Friday at 11 o'clock; is that satisfactory to everybody?

Mr. MONTGOMERY, K.C.: If it will be any easier to dispose of it, we can give a verbal argument just as easily as a written memorandum.

Sir HENRY DRAYTON: A written memorandum is the best.

Mr. SYMINGTON, K.C.: It depends on how fast you want to get along. There are about 1,500 pages of evidence as well as 99 exhibits.

The CHAIRMAN: Sir Henry suggests that we do not ask for any memoranda.

Sir HENRY DRAYTON: If Counsel do not want to give it I do not want it, so let it go.

The CHAIRMAN: What do you say, gentlemen; do you want this memoranda from Counsel or not?

Sir EUGENE Fiset: I think we are perfectly able to take the evidence and consider it, and come to a conclusion without any aid from Counsel.

Mr. RINFRET: I think so too.

The CHAIRMAN: Then I will release Counsel from the furnishing us with any memoranda.

Mr. MONTGOMERY, K.C.: I have a memorandum which I undertook to prepare, in reference to the contracts.

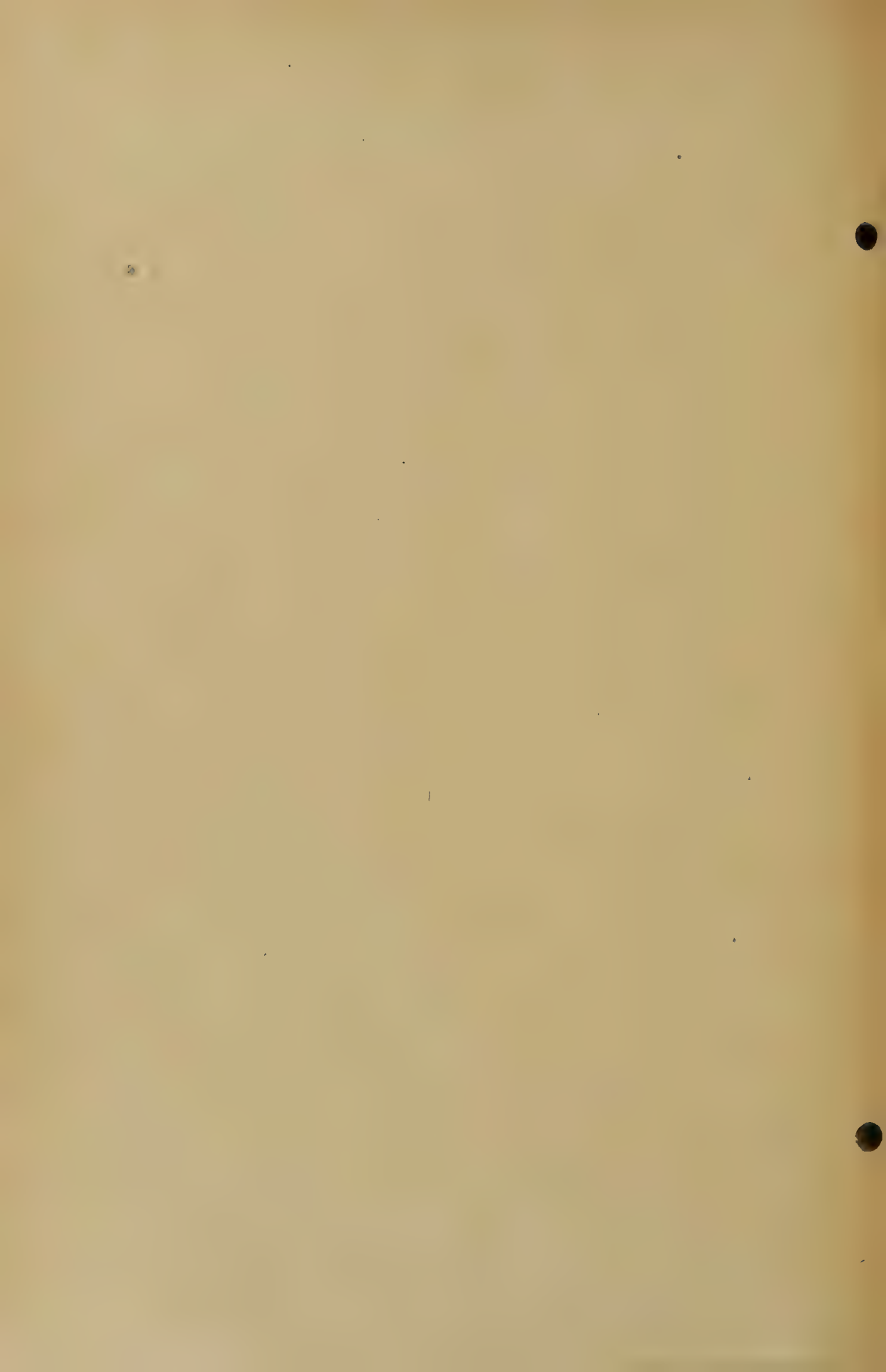
The CHAIRMAN: That goes in, of course. Shall I say that this Committee stands adjourned until 11 o'clock Friday?

Mr. RINFRET: What will be our work on Friday, Mr. Chairman?

The CHAIRMAN: Our work will be to discuss what our General Report shall be. I think we should get together at once.

I think I shall adjourn this Committee until half past 11 o'clock on Friday morning.

The Committee adjourned.



PARLIAMENTARY SESSION, 1925

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 27—Friday, June 5, 1925

EXECUTIVE SESSION

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 424,

FRIDAY, June 5, 1925.

The Committee met at 11.00 o'clock a.m. the Chairman, Mr. McMaster, presiding.

Present: Messieurs Black, Sir Henry Drayton, Duff, Johnston, Kennedy (Glengarry), McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

On motion of Mr. Rinfret, seconded by Mr. Stork,

Agreed, That the usual witness fees be paid to Mr. W. A. MacKay, of Truro, Nova Scotia, who appeared before the Committee and gave evidence on Wednesday, May 20, 1925.

The Chairman addressed the Committee as to the Report to the House.

Discussion followed in which all Members present took part.

The Chairman was instructed by the Committee to prepare a draft Report, to be submitted to the Committee at the next sitting for consideration.

The Committee adjourned at 1.05 o'clock p.m. to meet again at 4.00 o'clock p.m. on Tuesday June 9, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

EXHIBIT No. 96

TORONTO, ONT., 30th December 1924.

J. A. MORICE, ESQ.,
Foreign Freight Agent,
Canadian Pacific Railway,
Toronto, Ont.

Ocean Rates—General

DEAR SIR,—If consistent, I should like very much to obtain the prevailing ocean rates on the commodities listed on the attached statement from West St. John to United Kingdom ports. I am endeavouring to bring up to date certain data which I had previously prepared in this connection, and would appreciate it if you could kindly arrange to let me have the present rates on the commodities mentioned, or such of them as may be readily available.

Yours faithfully,

S. B. BROWNING,
Manager—Transportation Department.

Commodity—

	London,	
	Liverpool,	
Avonmouth port for	Bristol,	
	Glasgow,	Havre.
	Manchester,	
	Belfast and Dublin.	

Starch, in bags or boxes.

Sugar,

Syrup in barrels,

Iron and Steel bars, etc.,

Vehicles, and parts,

Washing Machines, Wringers and parts.

Woodenware: viz.—

Brooms and Whisks,

Chair Stock in the rough;

Cooperage Stock.

Doors, mouldings and Joiners' Work.

Dowels,

Dressed Lumber, Flooring, etc.

Furniture Stock,

Handles,

Poles,

Veneer,

Ironing Boards,

Pastry Boards,

Shoe lasts,

Maple Blocks,

Splints,

Staves,

Wood Rims,

Wood pulleys, \$1.00 per 100.

Pulley Blocks,

Washboards,

Wooden Spoons.

General Cargo.

Jan. 13th, 1925.

18561

The Canadian Manufacturers Ass'n.,
Bank of Hamilton Bldg.,
Toronto, Ont.

Attention Transportation Dept.

GENTLEMEN,—As requested in yours of December 30th, I am pleased to attach for your information statement of ocean rates on several commodities from West St. John to United Kingdom Ports, and to Havre, France.

These are the present rates and are subject to change without notice.

Yours truly,

A.E.G.: M.
Foreign Freight Agent.

Ocean rate from West St. John, N.B., to Havre, France

Commodity—

Starch in bags or boxes, 27½c. per 100 lbs.
Sugar Refined in bags, 30c. per 100 lbs.
Sugar Refined in barrels, 35c. per 100 lbs.
Sugar Refined in cases, 35c. per 100 lbs.
Syrup, Corn in barrels, 30c. per 100 lbs.
Syrup, Cane, 40c. per 100 lbs.
Iron or steel bars, loose, \$8.00 per 2,240 lbs.
Automobile Parts, unassembled, \$10.00 per 40 cu. ft. or 2,240 lbs. ship's option.
Automobiles, Pleasure. Chassis or bodies, set up or knocked down up to 2 tons, \$10.00 per 40 cu. ft. or 2,240 lbs. ship's option.
Washing Machines, \$1.35 per 100 lbs.
Brooms in bundles or cases \$1.25 per 100 lbs.
Whisks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Chair Stock, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Cooperage Stock, 55c. per 100 lbs.
Doors, unprotected carried at owner's risk of damage or breakage. 75c. per 100 lbs.
Wood Moulding in white, 75c. per 100 lbs.
Wood Moulding finished, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Dowels, heavy, 50c. per 100 lbs.
Dowels, light, 70c. per 100 lbs.
Flooring strips, heavy, 75c. per 100 lbs.
Flooring strips, light, 75c. per 100 lbs.
Lumber, heavy, 40c. per 100 lbs.
Lumber, light, 50c. per 100 lbs.
Furniture stock in the white in cases or crates knocked down, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
Handles in barrels, cases, bags or crates—
Straight, 60c. per 100 lbs.
"D", 65c. per 100 lbs.
Not otherwise specified, 75c. per 100 lbs.
Veneers in crates or cases, 75c. per 100 lbs.
Bake Boards, wooden, knocked down, \$1.00 per 100 lbs.
Ironing Boards, wooden, \$1.00 per 100 lbs.
Staves, finished in bundles, 40c. per 100 lbs.

Wood Rims in the white loose or crated, \$1.00 per 100 lbs.
 Wood Pulleys, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
 Pulley Blocks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.
 Wash boards, wooden, \$1.00 per 100 lbs.
 Wooden Spoons, \$1.00 per 100 lbs.
 Commodities not enumerated in tariff take ocean rate of 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Ocean rates from West St. John, N.B., to London, Liverpool, Avonmouth, Glasgow, Manchester, Belfast and Dublin

Commodity—

Starch in bags or boxes—

London, Liverpool, 21c. per 100 lbs.

Glasgow, 22c. per 100 lbs.

Avonmouth, 22c. per 100 lbs. (from Portland, Me.)

Manchester, 21c. per 100 lbs.

Belfast and Dublin, 22c. per 100 lbs.

Sugar refined in bags, 25c. per 100 lbs.

Sugar refined in barrels, 35c. per 100 lbs.

Sugar refined in cases, 30c. per 100 lbs.

Syrup, corn, in barrels, 25c. per 100 lbs.

Syrup, cane, 25c. per 100 lbs.

Iron or steel bars, loose, \$7.00 per 2,240 lbs.

Automobile Parts, unassembled, 25c. per cu. ft. or 50c. per 100 lbs. ship's option.

Automobiles, Pleasure, Chassis or Bodies, set up or knocked down up to 3 tons, 25c. per cu. ft.

Washing Machines, wooden, without mechanical or electrical attachments, \$1.00 per 100 lbs.

Washing Machines, other than wooden with electrical or mechanical attachments, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Brooms in bundles or cases, \$1.50 per 100 lbs.

Doors, subject to following clause "Unprotected"—carried at owner's risk of damage or breakage, 50c. per 100 lbs.

Wood mouldings, in white, 50c. per 100 lbs.

Wood mouldings, finished, \$1.00 per 100 lbs.

Dowels, heavy, 45c. per 100 lbs.

Dowels, light, 55c. per 100 lbs.

Parquetry Flooring, 65c. per 100 lbs.

Flooring Strips, heavy, 35c. per 100 lbs.

Flooring Strips, light, 45c. per 100 lbs.

Lumber, heavy, 35c. per 100 lbs.

Lumber, light, 45c. per 100 lbs.

Furniture Stock, in the white, in cases or crates, knocked down, \$1.00 per 100 lbs.

Handles in budles, cases, bags or crates—

Straight, 40c. per 100 lbs.

"D", 40c. per 100 lbs.

Not otherwise specified, 75c. per 100 lbs.

Veneers in crates and cases, 65c. per 100 lbs.

Bakeboards, wooden, knocked down, 75c. per 100 lbs.

Ironing Boards, wooden, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Maple Blocks—(Please give description, what used for, etc.)

Shoe lasts, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Wood Rims in the white, loose or crated, 85c. per 100 lbs.

Staves, finished in bundles, 30c. per 100 lbs.

Wood pulleys, \$1.00 per 100 lbs.

Pulley Blocks, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Washboards, 75c. per 100 lbs.

Wooden Spoons, 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

Commodities not enumerated in Tariff take ocean rate of 40c. per cu. ft. or 75c. per 100 lbs. ship's option.

EXHIBIT No. 97

CANADIAN PACIFIC RAILWAY COMPANY

(Telegram)

Montreal, 22nd May, 1925.

File 5942.

S. B. Brown,
Canadian Manufacturers Association,
Toronto, Ont.

Widespread publicity given statement filed by you Ocean Rates Committee, Ottawa. Reports show five hundred sixty six per cent increase rates several commodities present time over nineteen hundred fourteen. Figures used are general cargo rates in tariff for goods not particulrally rated. Any commodity of which there is movement always given appropriate rate. Do you know any Canadian manufacturer exporting to United Kingdom following Starch, Corn and Cane Syrup, Iron Ore, Steel bars loose, Wooden Ironing Boards, Shoe Lasts, Pulley Blocks, Wooden Spoons, Cotton-seed, Cake, Glucose, Flow Castings, Windmills, Ores, Copper, Chrome, Marl or Cobalt, Oleo, Wax, Radiators, Dried Beans, Lubricating Oil. If so would be glad to have their names and if they have applied to Steamship Lines for rates such commodities within past eighteen months.

W.M.K.:M.H.

W. M. Kirkpatrick...10.50 A.M.

CANADIAN PACIFIC RAILWAY COMPANY

(Telegram)

RNB 153—96—1/67

1925—May 27—P.M. 1.25.

W. M. Kirkpatrick, Toronto, Ont., (27).
Foreign Frt. Traffic Mgr., Can. Pac. Ry. Co., Montreal, Que.

Yours twenty second statement filed Ocean Rates Committee Comparison of rates 1914 with 1925 No complaints received Last eighteen months on commodities mentioned Your wire re rates to United Kingdom have no knowledge as to Canadian manufacturers exporting to United Kingdom commodities mentioned your wire with possible exceptions Ironing Boards, Shoe Lasts, Iron or Steel Bars in order determine definitely this point it would be necessary take up with all interested manufacturers Think Pulley Blocks mentioned my statement should be eliminated as wood pulleys is commodity we understand being exported.

S. B. Brown.

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM

Commodity	Ocean Rates Feb. 6th to 21st, 1914	Ocean Rates January, 1925	Percentage Increase
Starch, in bags or boxes.....	13c. per 100 lbs.....	20c. per 100 lbs.....	53
Sugar, in bags.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Syrup, Corn, in bbls.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Syrup, Cane, in bbls.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Iron or Steel Bars, Loose.....	No rates in tariff.....	\$7 per gross ton.....	
Automobile Parts, Unassembled.....	11-79c. per cu. ft.....	25c. per cu. ft.....	112
Automobiles, Pleasure Chassis, or bodies, set up or knocked down, up to 3 tons.....	11-79c. per cu. ft.....	25c. per cu. ft.....	112
Washing Machines, Wooden, without mechan- ical or electrical attachments.....	7-97c. per cu. ft.....	\$1 per 100 lbs.....	
Washing Machines, other than wooden with electrical or mechanical attachments.....	No rates in tariff. Prob- ably no movement.....	40c. per cu. ft.....	
Brooms, in bundles or cases.....	6-379c. per cu. ft.....	\$1.50 per 100 lbs.....	
Doors, subject to clause "Unprotected, carried at owner's risk of damage or breakage....."	7-97c. per cu. ft.....	50c. per 100 lbs.....	
Wood Mouldings, in white.....	7-97c. per cu. ft.....	50c. per 100 lbs.....	
Wood Mouldings, in white (Finished).....	7-97c. per cu. ft.....	\$1.00 per 100 lbs.....	
Dowels (Heavy).....	7-97c. per cu. ft.....	45c. per 100 lbs.....	
Dowels (Light).....	7-97c. per cu. ft.....	55c. per 100 lbs.....	
Parquetry Flooring.....	No rates in tariff. Prob- ably no movement.....	65c. per 100 lbs.....	
Flooring Strips (Heavy).....	23c. per 100 lbs.....	35c. per 100 lbs.....	52
Flooring Strips (Light).....	29c. per 100 lbs.....	45c. per 100 lbs.....	55
Lumber (Heavy).....	21c. per 100 lbs.....	35c. per 100 lbs.....	67
Lumber (Light).....	27c. per 100 lbs.....	45c. per 100 lbs.....	67
Furniture Stock, in the white, in cases or crates, knocked down.....	7-97c. per cu. ft.....	\$1.00 per 100 lbs.....	
Handles, in bundles, cases, bags or crates (Straight).....	22c. per 100 lbs.....	40c. per 100 lbs.....	81
Handles, "D" and all others.....	32c. per 100 lbs.....	40c. per 100 lbs.....	25
Veneers, in crates or cases.....	7-97c. per cu. ft.....	65c. per 100 lbs.....	
Bakeboards, wooden KD.....	6-379c. per cu. ft.....	75c. per 100 lbs.....	
Ironing Boards, wooden.....	6-379c. per cu. ft.....	75c. per 100 lbs.....	
		Analogous to Bake- boards.....	
Maple Blocks.....	21c. per 100 lbs.....	40c. per 100 lbs.....	90
Shoe Lasts (Probably Last Blocks).....	23c. per 100 lbs.....	45c. per 100 lbs.....	95.5
Wood Rims, in the white, loose or crated.....	7-97c. per cu. ft.....	85c. per 100 lbs.....	
Staves, finished in bundles.....	6-379c. per cu. ft.....	30c. per 100 lbs.....	
Wood Pulleys.....	7-97c. per cu. ft.....	\$1.00 per 100 lbs.....	
Pulleys Blocks (Analogous to Last Blocks).....	21c. per 100 lbs.....	45c. per 100 lbs.....	114
Washboards.....	6-379c. per cu. ft.....	75c. per 100 lbs.....	
Wooden Spoons.....	7-97c. per cu. ft.....	75c. per 100 lbs.....	
		Analogous to Berry Boxes.....	
Apples, in bbls. not exceeding 7 feet, ordinary stowage.....	66c. per bbl.....	90c. per bbl.....	36
Apples in wooden boxes, not exceeding 1.8 cu. ft. Must be strapped or wired or guaran- tee given ordinary stowage.....	10-5c. per cu. ft. = 17-5c. per box.....	30c. per box.....	70
Apples, evaporated, in boxes, must be strapped or wired or guarantee given, ordinary stow- age.....	20c. per 100 lbs.....	50c. per 100 lbs.....	150
Canned Goods, in boxes strapped or wired on two ends, or crossed strapped (Meats).....	24-48c. per 100 lbs.....	50c. per 100 lbs.....	75.7
Canned Goods, in boxes strapped or wired on two ends, or crossed strapped (Fruits and Vegetables).....	9-568c. per cu. ft.....	50c. per 100 lbs.....	
Canned Goods, in boxes, single strapped or wired (Meats).....	28-48c. per 100 lbs.....	55c. per 100 lbs.....	93
Canned Goods, in boxes, single strapped or wired (Fruits and Vegetables).....	9-568c. per cu. ft.....	55c. per 100 lbs.....	
Canned Goods, in boxes, not strapped or wired (Meats).....	28-48c. per 100 lbs.....	60c. per 100 lbs.....	110
Canned Goods, in boxes, not strapped or wired (Fruit and Vegetables).....	9-568c. per cu. ft.....	60c. per 100 lbs.....	
Quaker Oats, in bags.....	17c. per 100 lbs.....	40c. per 100 lbs.....	135
Quaker, Oats, in cases.....	6-379c. per cu. ft.....	40c. per 100 lbs.....	
Rolled Oats, in bags.....	17c. per 100 lbs.....	30c. per 100 lbs.....	76
Rolled Oats, in cases.....	6-379c. per cu. ft.....	40c. per 100 lbs.....	
Grape Nuts, in bags.....	17c. per 100 lbs.....	40c. per 100 lbs.....	135
Grape Nuts, in cases.....	6-379c. per cu. ft.....	40c. per 100 lbs.....	
Cheese, in boxes.....	31-32c. per 100 lbs.....	70c. per 100 lbs.....	123
Cheese, in crocks.....	Not shipped.....	70c. per 100 lbs.....	
Furs and Peltries.....	25-5c. per cu. ft.....	60c. per cu. ft.....	135
Flour in sacks.....	13c. per 100 lbs.....	21c. per 100 lbs.....	62

OCEAN RATES FROM CANADIAN ATLANTIC PORTS TO THE UNITED KINGDOM—

Concluded

Commodity	Ocean Rates Feb. 6th to 21st, 1914	Ocean Rates January, 1925	Percentage Increase
Oatmeal, in sacks.....	13c. per 100 lbs.....	21c. per 100 lbs.....	62
Cornmeal, in sacks.....	13c. per 100 lbs.....	20c. per 100 lbs.....	54
Oilcake.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Cottonseed Cake.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Glucose, in barrels.....	13c. per 100 lbs.....	25c. per 100 lbs.....	92
Hardware.....	19-93c. per 100 lbs. or 11-163c. per cu. ft.	40c. per cu. ft. or 75c. per 100 lbs. S/O.	262
Flow Castings (Probably Plow Castings).....	19-93c. per 100 lbs.....	50c. per 100 lbs.....	150
Spades, Shovels, Hay Forks, Plows, Beams Repairs.....	7-17c. per cu. ft.....	25c. per cu. ft. or 50c. per 100 lbs. S/O.	249
Windmills (Analogous to Agricultural Machin- ery).....	9-568c. per cu. ft.....	25c. per cu. ft. or 50c. per 100 lbs. S/O.	160
Binders, Cultivators, Mowers, Reapers, Threshing Machines.....	7-17c. per cu. ft.....	25c. per cu. ft. or 50c. per 100 lbs. S/O.	249
Leather, cut soles, in bales and bundles.....	No rates in tariff.....	\$1.50 per 100 lbs.....	
Leather, Finished, in cases.....	Probably no movement.....	60c. per cu. ft.....	
Leather, Finished Splits, in cases.....		60c. per cu. ft.....	
Leather, Finished Splits, in rolls, bales or bundles.....		85c. per 100 lbs.....	
Leather, Sole, in bundles or bales.....	34-17c. per 100 lbs.....	85c. per 100 lbs.....	148
Ores—Cobalt.....	No rates in tariff.....	No movement, if offered same as Zinc Ore—\$7.00 per gr. ton.	
Copper.....	Probably no movement.....		
Chrome.....			
Marl.....			
Nickel and Corundum—			
In bags.....	No rates in tariff.....	50c. per 100 lbs.....	
In kegs.....	Probably no movement.....	70c. per 100 lbs.....	
Nickel Matte.....	No rates in tariff.....	\$5.50 per gr. ton.....	
Zinc Ore.....	“ “.....	\$7.00 per gr. ton.....	
Copper Matte.....	“ “.....	\$5.50 per gr. ton.....	
Mica, Ground.....	“ “.....	60c. per 100 lbs.....	
Graphite.....	“ “.....	75c. per 100 lbs.....	
Machinery, up to 2 tons.....	No rates in tariff.....	40c. per cu. ft. or 75c. per 100 lbs. S/O.	
Lawn Mowers.....	7-17c. per cu. ft.....	25c. per cu. ft.....	248
Beef, Lard, Prok. Grease, Tallow, in barrels and tierces, weighing over 35 lbs. gross.....	22-78c. per 100 lbs.....	50c. per 100 lbs.....	119
Lard, in cartons in cases.....	28-48c. per 100 lbs.....	When not strapped takes 10c. overlard in boxes, when single strapped takes 5c. overlard in boxes.	93
Refrigerator List—Frozen Carcasses and Parts, including cost of unloading cars.....		\$1.50 per 100 lbs.....	
Bacon, Hams, Meats in boxes or cases over 35 lbs.....	22-78c. per 100 lbs.....	50c. per 100 lbs.....	119
Butter, Ordinary Stge.....	37-02c. per 100 lbs.....	\$1.00 per 100 lbs.....	170
Butter, Refrigerator.....	53-29c. per 100 lbs.....	\$1.50 per 100 lbs.....	181
Eggs, Ordinary Stge.....	11-16c. per cu. ft.....	35c. per cu. ft.....	214
Eggs, Refrigerator.....	Not shipped.....	55c. per cu. ft. (No movement in refr.)	
Oil, in tierces and barrels.....	22-78c. per 100 lbs.....	50c. per 100 lbs.....	119
Wax.....	17-56c. per 100 lbs.....	35c. per 100 lbs.....	99
Radiators.....	17-09c. per 100 lbs.....	(No movement, Probably 50c. per 100 lbs.)	
Clover seed, 60 lbs. to bushel.....	27c. per 100 lbs.....	50c. per 100 lbs.....	85
Grass, 14 lbs. to bushel.....	36c. per 100 lbs.....	90c. per 100 lbs.....	150
Timothy, 45 lbs. to bushel.....	29c. per 100 lbs.....	50c. per 100 lbs.....	72
Beans, dried in bags.....	15c. per 100 lbs.....	50c. per 100 lbs.....	233
Peas, split dried in bags.....	15c. per 100 lbs.....	50c. per 100 lbs.....	233
Soap, Common.....	19-93c. per 100 lbs.....	50c. per 100 lbs.....	150
Soap, Powder.....	8-66c. per 100 lbs.....	60c. per 100 lbs.....	
Soap, Stock, in barrels.....	19-93c. per 100 lbs.....	50c. per 100 lbs.....	150
Soap, Toilet.....	10-364c. per cu. ft.....	40c. per cu. ft.....	287
Lubricating Oil, in standard barrels, or drums, cubical capacity 12 cu. ft. 3 in. Exceeding 12 cu. ft. 3 in. In half barrels, not exceeding 7 cu. ft. In kegs and cases.....	88-20c. per bbl..... No rates shown in tariff	\$1.50 per bbl..... 35c. per 100 lbs..... 85c. per half bbl..... 135c. per 100 lbs.....	70

EXHIBIT No. 98

Carload Commodity Rates, cents per 100 lbs. from Ports in Great Britain to Winnipeg 1912, and for various subsequent periods—

	Class	1912	Oct. 21, 1918	June 1, 1920	Oct. 11, 1920	Jan. 15, 1921	Aug. 15, 1921	Jan. 23, 1922	Nov. 15, 1922	June 1, 1923	Present Rates
Canned goods.....	5	89	126	158	192½	188½	190½	166	158	158	Same as in last column
Carpets.....	3	139	295½	347½	402	395	395	360½	349½	355½	
Cartridges.....	4	108	150	183	221	218½	218½	201½	197	198	
Chinaware—barrels, boxes.....	4	108	173	243	285½	280	314	263½	263½	238½	
Chinaware—crates, hdds.....	4	108	173	243	285½	280	314	263½	263½	238½	
Cotton piece goods.....	4	108	233	317	359½	354	354	263½	263½	251½	
Fish, pickled.....	5	87	117	134	168½	164½	164½	151	149	145	
Fish, dried.....	5	87	126	158	192½	188½	188½	166	166	158	
Hardware.....	5	171	198	237	292	288½	261½	271	261	255	
Linoleum.....	5	89	126	152	186½	182½	172½	166	157½	149	
Oilcloth.....	5	89	126	152	186½	182½	182½	166	157½	149	
Rope.....	5	85	119½	145	179½	175½	180½	162	162	157	
Salts, Epsom.....	5	80	111½	117	151½	147½	158½	140	140	140	
Soap, common, castile.	5	85	115	141	175½	171½	171½	158	158	149	
Twine, binder.....	5	89	139	155	169½	165½	165½	151	151	149	
Wire, fence.....	5	80	107½	119	153½	149½	149½	140	140	140	
Yarn.....	4	x108	x153	656	698½	693	525	326½	326½	308½	

C.P.R. No. E 2013 C.R.C. E2413	C.F.A. No. 11 C.R.C. 23	C.F.A. No. 11-A C.R.C. 46	C.F.A. No. 11-B C.R.C. 53	C.F.A. No. 11-C C.R.C. 65	C.F.A. No. 11-D C.R.C. 83	C.F.A. No. 11-E C.R.C. 92	C.F.A. No. 11-F C.R.C. 116	C.F.A. No. 11-G C.R.C. 127
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The tariffs to date (March 1925) were issued by the Canadian Freight Assn.; C.P.R. and C.N.R. participating carriers.
x Class rates.

NOTES

Oct. 21, 1918.—Includes the percentage increases in the inland rates, 15 per cent and 25 per cent east of Port Arthur and 25 per cent west of Port Arthur, both of which increases were effective in 1918.
June 1, 1920.—The increases were in the Ocean charges as there were no changes in the inland rates.
Oct. 11, 1920.—The increases were the result of the percentage increases in September 1920, 40 per cent east of Port Arthur and 35 per cent west of Port Arthur.
Jan. 15, 1921.—The reductions were the result of the so-called five per cent reduction effective all over Canada January 1, 1921. The reductions in the through rates were the reductions in the rates from Montreal.
Aug. 15, 1921.—There were increases in five items, reductions in three items, and in nine items no change.
Jan. 23, 1922.—The reductions were the result of the so-called ten per cent reduction effective all over Canada December 1, 1921, and reductions in the Ocean rates.
Nov. 15, 1922, June 1, 1923.—The reductions were in the Ocean charges as the rates from Montreal are the same to-day as they were December 1, 1921.

Reductions cents per 100 lbs. in the All Rail rates from Montreal to Winnipeg:—

1	2	3	4	5	Classes
11	9½	7	5½	4	Jan. 1, 1921, 5% reduction.
21½	17½	14½	11½	9½	Dec. 1, 1921, 10% reduction.

John R. Usher.

Less Carload Commodity Rates, in cents per 100 lbs. from Ports in Great Britain to Winnipeg, 1912, and from October 31, 1918, to date. All Rail from Canadian Seaboard. Particulars of the various tariffs are shown on the last sheet.

Periods	Biscuits	Books	Brushes		Canned Goods	Carpets
			Paint, Horse	Toilet		
1912.....	163	201	176	176	133½	211
Oct. 21, 1918.....	237	278	308	308	178½	368
June 1, 1920.....	324	290	407	407	210½	420
Oct. 11, 1920.....	392	372	489	489	265	502
Jan. 15, 1921.....	382½	361	478	478	258	491
Aug. 15, 1921.....	383½	397	448	448	260	491
Jan. 23, 1922.....	339	375½	387½	387½	230½	449½
Nov. 15, 1922.....	339	375½	387½	456½	222½	438½
Jan. 1, 1923.....	335	362½	387½	456½	222½	424½

Periods	Chinaware		Chocolate, Cocoa	Confectionary	Crockery, Earthenware	
	Crates, Hhds.	Bbbs., Boxes Casks			Casks, Bbbs. Boxes	Hhds. and Crates
1912.....	169	194	166	163 $\frac{1}{4}$	158	131
Oct. 21, 1918.....	241	278	207	214	205	178 $\frac{1}{2}$
June 1, 1920.....	311	348	238	244	242	206 $\frac{1}{2}$
Oct. 11, 1920.....	379	430	306	312	310	261
Jan. 15, 1921.....	369 $\frac{1}{2}$	419	296 $\frac{1}{2}$	392 $\frac{1}{2}$	300	254
Aug. 15, 1921.....	403 $\frac{1}{2}$	453	296 $\frac{1}{2}$	300 $\frac{1}{2}$	300 $\frac{1}{2}$	254
Jan. 23, 1922.....	347	392 $\frac{1}{2}$	272	278	278	234 $\frac{1}{2}$
Nov. 15, 1922.....	347	392 $\frac{1}{2}$	272	278	278	234 $\frac{1}{2}$
Jan. 1, 1923.....	322	367 $\frac{1}{2}$	268	272	262	218 $\frac{1}{2}$

Periods	Cutlery	Dry Goods		Fancy Goods	Fish, Picked Salted	Fish, Dried in Boxes
		Cotton Goods	Piece Goods N.O.S.			
1912.....	206	176	211	211	101	127
Oct. 21, 1918.....	268	301	408	368	137	178 $\frac{1}{2}$
June 1, 1920.....	379	385	587	443	154	210 $\frac{1}{2}$
Oct. 11, 1920.....	461	453	669	520 $\frac{1}{2}$	196 $\frac{1}{2}$	265
Jan. 15, 1921.....	450	443 $\frac{1}{2}$	658	514	191	258
Aug. 15, 1921.....	387	443 $\frac{1}{2}$	644	514	191	258
Jan. 23, 1922.....	339 $\frac{1}{2}$	347	455 $\frac{1}{2}$	467 $\frac{1}{2}$	175 $\frac{1}{2}$	230 $\frac{1}{2}$
Nov. 15, 1922.....	339 $\frac{1}{2}$	347	455 $\frac{1}{2}$	465	173 $\frac{1}{2}$	230 $\frac{1}{2}$
Jan. 1, 1923.....	339 $\frac{1}{2}$	335	437 $\frac{1}{2}$	465 $\frac{1}{2}$	169 $\frac{1}{2}$	222 $\frac{1}{2}$

Periods	Ginger Ale	Common Window Glass	Glass- ware Common	Hard- ware	Hats and Caps	Can Plate	Iron
1912.....	121	121	176	171	211	120	120
Oct. 21, 1918.....	169 $\frac{1}{2}$	160	251	218 $\frac{1}{2}$	418	155 $\frac{1}{2}$	155 $\frac{1}{2}$
June 1, 1920.....	223 $\frac{1}{2}$	171 $\frac{1}{2}$	320	257	584	171	171
Oct. 11, 1920.....	278	226	388	325	666	219 $\frac{1}{2}$	219 $\frac{1}{2}$
Jan. 15, 1921.....	271	217	378 $\frac{1}{2}$	315 $\frac{1}{2}$	655	217	217
Aug. 15, 1921.....	271	219	329 $\frac{1}{2}$	288 $\frac{1}{2}$	655	216	216
Jan. 23, 1922.....	256 $\frac{1}{2}$	204 $\frac{1}{2}$	312	289	552 $\frac{1}{2}$	200 $\frac{1}{2}$	200 $\frac{1}{2}$
Nov. 15, 1922.....	256 $\frac{1}{2}$	200 $\frac{1}{2}$	312	289	552 $\frac{1}{2}$	193	193
Jan. 1, 1923.....	248 $\frac{1}{2}$	200 $\frac{1}{2}$	272	283	517 $\frac{1}{2}$	193	193

Periods	Linoleum	Millinery	Mineral Water	Mustard	Nets, Fishing	In Shell, Bags, Boxes	Shelled Boxes, Bbbs.
1912.....	131	422	121	160 $\frac{1}{2}$	206	183	155
Oct. 21, 1918.....	178 $\frac{1}{2}$	696	169 $\frac{1}{2}$	214	308	247 $\frac{1}{2}$	216
June 1, 1920.....	204 $\frac{1}{2}$	876	223 $\frac{1}{2}$	246	756	270	277
Oct. 11, 1920.....	259	1040	278	314	469	352	345
Jan. 15, 1921.....	252	1018	271	304 $\frac{1}{2}$	458	341	335 $\frac{1}{2}$
Aug. 15, 1921.....	242	963	271	306 $\frac{1}{2}$	399	333	327 $\frac{1}{2}$
Jan. 23, 1922.....	230 $\frac{1}{2}$	687	256 $\frac{1}{2}$	274	367 $\frac{1}{2}$	315 $\frac{1}{2}$	318
Nov. 15, 1922.....	222	687	256 $\frac{1}{2}$	257	367 $\frac{1}{2}$	315 $\frac{1}{2}$	318
Jan. 1, 1923.....	213 $\frac{1}{2}$	657	248 $\frac{1}{2}$	266	357 $\frac{1}{2}$	311 $\frac{1}{2}$	309

Periods	Olive Oil (Glass)	Oil Cloth	Pickles (Glass)	Pipes, Smoking, Wood	Preserves, Fruit Sauces	Rope
1912.....	185½	131	185½	206	185½	125
Oct. 21, 1918.....	251	178½	251	298	251	172
June 1, 1920.....	283	204½	283	358	283	197½
Oct. 11, 1920.....	365	259	365	440	365	252
Jan. 15, 1921.....	354	252	354	429	354	245
Aug. 15, 1921.....	256	252	356	429	356	245
Jan. 23, 1922.....	319½	230½	319½	407½	319½	226½
Nov. 15, 1922.....	315½	222	306½	407½	310½	226½
Jan. 1, 1923.....	311½	213½	311½	397½	311½	221½

Period	Salts	Spices	Tea	Cigars, Cigarettes	Toys	Yarn
1912.....	120	193	199½	201	206	x211
Oct. 21, 1918.....	164	264	264	255	343	
June 1, 1920.....	169½	379	316	419	466	724
Oct. 11, 1920.....	224	461	398	501	548	792
Jan. 15, 1921.....	217	450	387	490	537	782½
Aug. 15, 1921.....	228	449	387	501	529	614½
Jan. 23, 1922.....	204½	319½	354½	330½	377½	410
Nov. 15, 1922.....	204½	315½	333	330½	377½	410
Jan. 1, 1923.....	204½	311½	332½	339½	327½	392

x Class rate.

TARIFF REFERENCES

1912—Can. Pac. Ry. No. E. 2013, C.R.C. No. E. 2413, Aug. 28, 1912.

1918—No. 11, C.R.C. No. 23, Oct. 21, 1918, Canadian Frt. Assn.
1920—No. 11-A, “ No. 46, June 1, 1920, “ “
1920—No. 11-B, “ No. 53, Oct. 11, 1920, “ “
1921—No. 11-C, “ No. 65, Jan. 15, 1921, “ “
1921—No. 11-D, “ No. 83, Aug. 15, 1921, “ “
1922—No. 11-E, “ No. 92, Jan. 23, 1922, “ “
1922—No. 11-F, “ No. 116, Nov. 15, 1922, “ “
Present—No. 11-G, “ No. 127, June 1, 1923, “ “

Canadian Pacific and Canadian National participating carries in the above tariffs.

John R. Usher.

Less Carload Commodity Rates, in cents per 100 lbs. from Ports in Great Britain to Winnipeg, 1912, and from October 31, 1918, to date. All Rail from Canadian Seaboard. Particulars of the various tariff are shown ion the last sheet.—Concluded

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 28—Tuesday, June 9, 1925

EXECUTIVE SESSION

EVIDENCE

Mr. Thomas Sales, M.P.

EXHIBITS

Filed by Mr. Thomas Sales, M.P.

No. 100—Participation Certificate of United Grain Growers Limited Live Stock Pool. (Read into evidence).

No. 101—Quotations, Smithfield Market. (Read into evidence).

No. 102—Sales and average prices of Cattle at Winnipeg, 1922. (Read into evidence).

OTTAWA

F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1925

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 424,

WEDNESDAY, June 9, 1925.

The Committee met, in camera, at 4 o'clock, p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Stork.—12.

The Clerks were instructed to retire during the discussion of the Chairman's draft Report.

The Committee continued in public session.

Mr. Thomas Sales, M.P., who was in attendance at the request of the Committee, gave evidence and retired.

During the course of his evidence Mr. Sales filed Exhibit No. 100, "Participation certificate of United Growers, Limited, Live stock pool"; Exhibit No. 101, "Quotations, Smithfield Market"; Exhibit No. 102, "Sales and average prices of cattle at Winnipeg, 1922"; all of which were read into evidence.

The Committee adjourned at 6.35 o'clock, p.m., to meet again at 11.30 o'clock, a.m., on Thursday, June 11, 1925.

S. R. GORDON,

H. D. DEWAR,

Clerks of the Committee.

MINUTES OF EVIDENCE

COMMITTEE ROOM 424,

HOUSE OF COMMONS,

TUESDAY, June 9, 1925.

The Special Committee appointed to consider the resolution to give the Government of Canada control over certain ocean rates by confirming an agreement between His Majesty and Sir William Petersen, K.C.B.E., as set out in said resolution, met at 4 p.m., the Chairman, Mr. McMaster, presiding.

Mr. THOMAS SALES called.

The CHAIRMAN: You are a Member of the House of Commons?

Mr. SALES: Yes, sir.

The CHAIRMAN: For the constituency of—

Mr. SALES: Saltcoats.

The CHAIRMAN: You have been good enough, Mr. Sales, to indicate to us that you have some information which you believe will be of value to us concerning the export, or possible export, of chilled beef from this country?

Mr. SALES: I do not use the words "chilled beef"—dressed beef.

Sir HENRY DRAYTON: Mr. Sales, I am going to ask you to give your information just as you have it. I think that will be the best way.

Mr. SALES: Mr. Chairman, in order not to take up any more of the time of the Committee than is necessary, I have put my ideas on paper, and with your permission I shall present them in that form; and then I shall be glad to answer any questions that you may care to ask. At the outset, I want to make it perfectly clear that nothing in my remarks should be interpreted as a suggestion that I am in opposition to the efforts of the Government or of this Committee in trying to find whether there is any possible way of reducing rates, especially on cattle, a subject which is very important to a large number of people, and one in which I am specially interested. If it is possible to get a reduction in the rates on cattle, nobody would be better pleased than I; and if it is found possible to reduce rates, my remarks may be regarded in the light of a supplementary proposition. If, on the other hand, it is found impossible to reduce the rates, it may be regarded as an alternative proposition.

During the session of 1923 there was a Special Committee appointed by the House to enquire into agricultural conditions and amongst other things the question of ocean rates on cattle was enquired into.

As one of the members of that committee after listening to the mass of evidence given by ship owners as to their increased costs and their experience in carrying cattle and in private conversation with many of them, I came to the conclusion that there was not much hope of a material reduction in these rates, and I also came to the conclusion that under the burden of these rates, the men engaged in the cattle business cannot continue with any hope of the industry being carried on at a profit.

The CHAIRMAN: May I interpolate this question: You produce to us this one bill to show that the cost has been a little over a cent a pound for marketing from a point West of Winnipeg.

Mr. SALES: 506 miles.

The CHAIRMAN: West of Winnipeg?

Mr. SALES: Yes.

The CHAIRMAN: Would that be a typical case?

Mr. SALES: Take Battleford, which is still further West, to the Alberta boundary, and further West than that, it is all tributary to Winnipeg and the coast. I think it fairly represents the average cost of getting an animal to Winnipeg from Saskatchewan. The animal weighed 1,210 pounds, and it realized in the market \$22.50, leaving to the man for himself, \$9.56. He lives seven miles from the station and he had to deliver that animal, and that is what he got for it. Another point is that it was not marketed in the fall rush, when 50 per cent to 76 per cent of the cattle are marketed; this was marketed on July 16, 1923.

Taking a 1,200 pound steer sold in Winnipeg at \$5 per cwt, makes a total price of \$60. Deduct \$12 for freight and marketing expenses leaves \$48 as a return to the farmer for the production of that steer.

I put this bill in for the reason that Dr. Grisdale in the course of his evidence before this Committee quoted a rate of \$18.10, a through rate, for shipping a steer from Lethbridge.

I would like to point out that for every one man who has a carload of export cattle we have to deal with the situation of 1,000 men who have only two or three steers suitable for the export market, and who must pay the local carload rate and costs to Winnipeg, amounting as I say to practically \$1 per cwt.

Then he has to pay 85 cents per cwt. for feed. What I want you to realize is that the farmer cannot continue under these conditions.

Mr. McKAY: Did you say 85 cents per pound?

Mr. SALES: No, per hundred.

Mr. McKAY: He pays a dollar per hundred weight from the West to Winnipeg?

Mr. SALES: That includes freight and marketing charges.

Mr. McKAY: Is the 85 cents per cwt. for feed included there?

Mr. SALES: No, that is for freight and marketing charges alone, and then there is the feed on the top of that. So many people think that the through rate from Winnipeg is cheap and that that is the only thing to be considered.

Hon. Mr. McMURRAY: You would have a through rate from Battleford to Montreal?

Mr. SALES: Yes, but you have not one man in a thousand who can get the advantage of it.

Sir EUGENE Fiset: In other words, it is by carload?

Mr. SALES: Yes.

Mr. SALES: Twenty-five years ago a farmer was receiving for heavy steers \$40 at his own point. The question will probably arise whether that was profitable to him. I would say, at that time, yes, but I would draw attention to the fact that the increased cost of everything enters into production to-day as compared with that period. To give only one instance—land on which I paid at that time, only \$2 taxes on a quarter section of 160 acres, are now \$80.

I am convinced that as practical men our minds must be directed to some other method of marketing. The only other practical alternative is to ship dressed beef. The objection is raised that it has been tried and proved a failure. This objection to my mind, is far from well founded. One experiment, comprising 17 shipments, carried on between May and December, 1921, totalling in weight 1,200,000 pounds by Harris Abattoir Company, and I am going to quote from the remarks of Mr. McLean, Vice-President of the Company, in a paper read before the Live Stock Union at Brandon in November, 1922. In the first part of his report he deals generally with the cattle industry and its misfortunes arising particularly from, first, deflation of prices following the war; and second, the United States Tariff imposed in June, 1921, and amended in September, 1922. On page 12 he begins to deal with the experiment they carried on in shipping dressed beef.

Mr. McKAY: What do you mean by "dressed beef"?

Mr. SALES: I mean beef killed here, quartered, and carried over in cold storage, probably at a temperature of 32 or 33 degrees, shipping only 60 per cent of the weight, instead of taking the hooves, entrails and so on.

Mr. McKAY: You think that that would encourage the farmers to raise cattle?

Mr. SALES: That deals with another side of the question which you will appreciate if you let me go on.

Mr. McLean states that they included in their expenses all out-of-pocket expenses, costs of labour and wraps at Toronto, freight to seaboard, ocean freight, loading charges, freight and landing charges in England, and the expenses totalled \$3.98 per 100 pounds or practically 4 cents per pound. The 17 shipments lost an average of $2\frac{1}{3}$ cents per pound.

This statement taken by itself looks rather discouraging, but the question arises as to whether that loss of $2\frac{1}{3}$ cents per pound can be overcome to such an extent that a profit can be shown. I think it can.

Mr. McLean goes on—"The losses became so heavy that we were forced to discontinue the shipments. However, an analysis of the results gives some ground for optimism. While the loss on shipments is equivalent to about one farthing per pound we are convinced that the beef we shipped was worth on the British market 4 cents per pound and probably 6 cents per pound more than we actually received, and we were further convinced that had conditions been such as to permit continuous shipments, this Canadian beef would very soon have commanded a price much higher than that received for our experimental shipments. I am placing on file the prices quoted at Smithfield market during the period these shipments were made of English home-killed beef, Canadian killed in England, Canadian chilled, Argentine chilled."

EXHIBIT No. 101

APPENDIX

QUOTATIONS SMITHFIELD MARKET—TAKEN FROM LONDON:

		English		Canadian		Canadian Chilled		Argentine Chilled		Canadian Chilled over Argentine
		s.	d.	s.	d.	s.	d.	s.	d.	
1921										
May	5	1	5 $\frac{1}{4}$	1	4 $\frac{3}{4}$	—	—	—	8	
"	12	1	2 $\frac{1}{4}$	1	2	—	—	—	7 $\frac{1}{4}$	
"	19	1	2 $\frac{3}{4}$	1	1	—	—	—	7 $\frac{1}{4}$	
"	26	1	3 $\frac{1}{4}$	1	2 $\frac{7}{8}$	—	—	—	7 $\frac{1}{2}$	
June	2	1	4 $\frac{1}{2}$	1	4 $\frac{1}{4}$	—	—	—	7 $\frac{1}{2}$	
"	9	1	3 $\frac{1}{2}$	1	2 $\frac{1}{4}$	—	—	—	7 $\frac{1}{2}$	
"	16	1	3 $\frac{1}{8}$	1	2 $\frac{1}{4}$	—	—	—	7 $\frac{1}{2}$	
"	23	1	2 $\frac{1}{2}$	1	2 $\frac{1}{4}$	—	—	—	7 $\frac{1}{2}$	
"	30	1	1 $\frac{1}{4}$	1	1 $\frac{1}{4}$	—	—	—	7 $\frac{1}{2}$	
July	7	1	1 $\frac{3}{4}$	1	1	—	—	—	8 $\frac{1}{2}$	
"	14	—	11 $\frac{1}{4}$	—	11	—	—	—	7 $\frac{3}{4}$	
"	21	1	1 $\frac{1}{8}$	1	1 $\frac{1}{8}$	—	—	—	7 $\frac{3}{4}$	
"	28	1	1 $\frac{1}{2}$	1	1 $\frac{1}{4}$	—	7 $\frac{5}{8}$	—	7 $\frac{3}{4}$	— $\frac{1}{8}$
Aug.	4	1	1	1	1 $\frac{1}{4}$	—	—	—	6 $\frac{1}{2}$	
"	11	1	1 $\frac{5}{8}$	1	1 $\frac{3}{4}$	—	10	—	8 $\frac{3}{8}$	1 $\frac{3}{8}$ = 0 ct.
"	18	—	—	—	—	—	—	—	—	
"	25	1	1	1	1 $\frac{1}{4}$	—	—	—	8 $\frac{1}{4}$	
Sept.	1	1	1 $\frac{3}{4}$	1	1 $\frac{1}{4}$	—	—	—	8 $\frac{3}{8}$	
"	8	1	1	1	1 $\frac{1}{8}$	—	—	—	8 $\frac{3}{8}$	
"	15	1	3 $\frac{4}{8}$	1	—	—	8 $\frac{1}{8}$	—	7 $\frac{1}{8}$	+2 cts.
"	22	—	11 $\frac{1}{2}$	—	10 $\frac{3}{4}$	—	—	—	7	
"	29	—	11	—	10 $\frac{1}{8}$	—	8 $\frac{1}{8}$	—	6 $\frac{3}{8}$	3 "
Oct.	6	—	10 $\frac{1}{4}$	—	9 $\frac{1}{2}$	—	7 $\frac{1}{2}$	—	5 $\frac{1}{4}$	3 "
"	13	—	9 $\frac{7}{8}$	—	9 $\frac{5}{8}$	—	—	—	6	
"	20	—	8 $\frac{3}{4}$	—	8 $\frac{1}{4}$	—	—	—	6	
"	27	—	9 $\frac{3}{4}$	—	9 $\frac{1}{2}$	—	7 $\frac{1}{4}$	—	6 $\frac{1}{2}$	3 "
Nov.	3	—	9 $\frac{5}{8}$	—	9 $\frac{1}{2}$	—	7 $\frac{3}{4}$	—	6 $\frac{1}{4}$	3 "
"	10	—	9 $\frac{5}{8}$	—	9 $\frac{1}{2}$	—	9 $\frac{1}{2}$	—	6 $\frac{3}{4}$	5 "
"	17	—	8 $\frac{3}{4}$	—	8 $\frac{1}{4}$	—	8 $\frac{1}{4}$	—	7	3 "
"	24	—	8 $\frac{3}{8}$	—	8 $\frac{1}{8}$	—	7 $\frac{5}{8}$	—	7 $\frac{5}{8}$	equal
Dec.	1	—	9 $\frac{1}{2}$	—	9 $\frac{1}{4}$	—	7 $\frac{1}{2}$	—	6 $\frac{3}{4}$	2 cts.
"	8	—	8 $\frac{1}{2}$	—	8 $\frac{1}{4}$	—	6 $\frac{3}{4}$	—	6 $\frac{1}{4}$	
"	15	—	9	—	9 $\frac{1}{4}$	—	6	—	5 $\frac{5}{8}$	
"	21	—	10 $\frac{1}{8}$	—	7	—	7 $\frac{3}{8}$	—	5 $\frac{3}{8}$	4 cts.

NOTE.—It will be noticed that in the beginning of these shipments, the price was below that received for Argentine, but that by Sept. 15 it was 2 cts. over, 3 cts. over on Sept. 29, maintaining that price for a month. On Nov. 10, it reached a point of 5 cts. over and it will be further noticed that on this date, it is only $\frac{3}{8}$ lower than the price obtained for Canadian beef killed in England and only $\frac{1}{8}$ lower than English beef, and on Nov. 17, the price quoted is $\frac{1}{8}$ over Canadian beef slaughtered in England and $\frac{3}{8}$ below the home killed product.

It is in my opinion rather unfortunate that this experiment closed just at the time that it appeared to be establishing itself on the British market.

Sir HENRY DRAYTON: Are there any particular items in that statement to which you wish to draw attention?

Mr. SALES: Yes, at the bottom there is a note which reads

"It will be noticed that in the beginning of these shipments, the price was below that received for Argentine, but that by September 15 it was 2 cents over, 3 cents over on September 29, maintaining that price for a month. On November 10th, it reached a point of 5 cents over and it will be further noticed that on this date it is only $\frac{3}{8}$ lower than the price obtained for Canadian beef killed in England and only $\frac{5}{8}$ lower than English beef, and on November 17th, the price quoted is $\frac{1}{8}$ over Canadian beef slaughtered in England and $\frac{3}{8}$ below the home killed product. It is in my opinion rather unfortunate that this experiment closed just at the time that it appeared to be establishing itself on the British market."

Sir EUGENE Fiset: Why was that experiment closed?

[Mr. Thomas Sales, M.P.]

Mr. SALES: I do not know; I am going to find out from Mr. McLean.

Sir HENRY DRAYTON: They could not get a continuity of shipments or supplies.

Mr. SALES: On page 13 Mr. McLean points out that as against the cost of \$53 for transporting the live animal, the dressed beef could be transported and sold in England at a cost of \$28. He says this beef will be quite as good as beef from cattle shipped alive—indeed in the opinion of Canadian butchers, the dressed beef would be better, for the beef after slaughtering will be out continuously in a controlled temperature. It will be landed in England within two weeks from the date of slaughtering and will, according to Canadian standards, be then in prime condition for cutting. I may say that that agrees with the English standards also. The English gave to our best Canadian cattle shipped alive, a very friendly reception—to our dressed beef they gave a very unfriendly reception. Every butcher who handled the beef acknowledged it was good beef, but his attitude invariably was that it was imported beef and should be bought at imported beef prices.

Mr. McLean further says—"That the English butcher contends that his customers want home-killed beef, and it must be recognized that there is a considerable prejudice in favour of this." I may say that I had 20 years of practical experience as a butcher and I fully agree with Mr. McLean's remarks, and I know that to overcome the prejudice of the Englishman in favour of home-killed meat will be the greatest obstacle the Canadian producer will have to face.

Mr. McLean continues—"For the purpose of this discussion I shall take it for granted that Canada can make continuous shipments of beef to Great Britain. This, as we know, is not the case. It is a problem by itself and will be discussed later, but if Canada could make regular shipments of dressed beef every week, what position would it ultimately establish on the British market for itself. My view is that it would in a short time command a price approximately the home-killed prices. He contends, and I think this point is admitted by Dr. Grisdale, that Canada can produce better cattle than the Argentine, and Canada is removed from the British markets by an ocean voyage of one week as against over three weeks by Argentine and that in regard to distance from the markets while the Argentine beef can only be marketed four weeks after slaughtering, Canadian beef can be marketed within two weeks after slaughtering. Canada has therefore a tremendous geographical advantage over South America which they can never overcome.

For the above reasons, therefore, he says—"I take it that granted certain conditions Canadian dressed beef can establish itself on the British market on a level much higher than that of South American chilled beef.

Again the objection is made that we made 17 shipments totalling over a thousand pounds and that if this beef had the intrinsic merit that we claim for it, it surely should have established itself to some extent at least. The answer to this is that it did. From the first, the British butcher, although he claimed he should buy this beef at imported beef prices available, paid us from 2 cents to five cents per pound more than he would pay at the same time for Argentine chilled beef but also did something that goes much farther in supporting my view—he sold his beef to our customers—not as imported, but as home killed beef and the only reason he was able to do this was that the beef was as good. The British consumer did not know that he was eating Canadian chilled beef and believed himself to be eating home killed beef, and it is this fact that gives confidence that granted the necessary conditions, Canadian beef would soon establish itself on a price level with that of home killed beef.

In support of this, I may say that since I drew up this paper there has come into my hands a copy of the Overseas Daily Mail of May 16th, 1925, containing a news item with regard to the report of the Food Council of Twelve who have been making an investigation on behalf of the British Government.

The CHAIRMAN: Into the food supply of the British Isles?

Mr. SALES: Yes. The item is headed "Meat Wrongly Described," and contains the following paragraph.

"It is pointed out that evidence has been given that imported meat is frequently sold as home-killed meat, and that misdescription is also common in the case of different grades of imported meat."

The only other attempt made at shipping dressed beef was made by the Department of Agriculture during the latter part of May, 1923, and is reported in Pamphlet 39 published by the Department. In this pamphlet they freely admit that many mistakes were made and expenses incurred which might have been avoided. I can only say that I am sorry that the Department decided to publish a pamphlet drawing conclusions which in my mind are far from reliable. This pamphlet only came into my hands a few days ago, and I have perused it carefully and could analyse it critically, but I am going to content myself by stating that no pamphlet should be issued by our Department based on one spasmodic attempt. If these pamphlets are to be useful to our people they must be the result of more than a single experiment and must furnish reliable data or they will discredit both the cause of agriculture and the department publishing them.

Reverting to the question of the Englishman's preference for home killed beef over imported beef; I would quote from the Trade and Navigation Returns of the United Kingdom for the period of 11 months ending 1922, in which I notice fresh beef from Denmark: 72,549 cwt. Price £397,891 calculating exchange at 4.80 per pound results in a price of 24.10 cents per pound.

The CHAIRMAN: Do you know whether that price, or a price approximate thereto, is being realized at the present time for Danish beef?

Mr. SALES: I took the Trade and Navigation Returns for that period and that is the price they give.

The CHAIRMAN: But that is over two years ago.

Mr. SALES: Exactly.

Sir HENRY DRAYTON: The point is the comparison he makes.

Mr. SALES: I am comparing the same years. I think the prices maintain pretty well at that level to-day.

Sir HENRY DRAYTON: Compared with 1922?

Mr. SALES: Yes.

Same period Argentine chilled: 4,853,021 cwt. Price £11,575,465. Price 10.22 per pound. A difference of 12.88 cents in favour of Denmark.

Sir HENRY DRAYTON: These are both chilled meats?

Mr. SALES: Both imported beef, one from Denmark which reaches England as what you might call fresh beef, and the other from the Argentine in four weeks which must be subject to a certain degree of frost.

My contention is that the price of our beef should be much nearer the Danish price than it is to the Argentine, owing to our geographical advantage over Argentine. If we could get in between the Argentine prices and the Denmark prices, the trade in dressed meat could be made profitable. The comparison for the same period of imports from Denmark of 72,549 cwt. means 10,159 steers of 1,333 pounds live weight, dressing 60 per cent or 800 pounds of dressed beef without offal, 187.99 per steer.

[Mr. Thomas Sales, M.P.]

Canadian live steers for the same period:

19,005 live steers shipped in 1922, price \$542,728 average 137.07 per head.

41,744 cattle shipped in 1923, value £1,165,800 or \$138.58 per head.

76,978 cattle shipped in 1924, price £2,202,850 or \$137.66 per head.

That, Mr. Chairman, I think pretty well answers your question as to the stay in price.

No weight is available for these steers sold alive, but at that time the embargo on the English market was being removed, and we were urged to send nothing but our very best. I personally saw several shipments in 1923 from Montreal and Quebec and there were very many cattle much heavier than 1,333 pounds but taking into account the fact that there were some larger cattle amongst these I think it would be quite safe to average them as weighing 1,333 pounds and assuming that they dressed 60 per cent, which is a rather high average, that would be equal to 800 pounds of pressed beef.

Sir HENRY DRAYTON: I thought they dressed only about 55 per cent?

Mr. SALES: Some dress 60 per cent and some 67 per cent, according to the roughness or smoothness of the animal, the conformation. Supposing these cattle had been killed in Canada and had averaged 800 pounds per steer, what price would the beef have to be sold at in England to break even with the prices obtained alive.

The offal less the freight to England would realize. \$15 00

The difference in freight between live animal and dressed. 12 50

(Note: Mr. McLean gives this difference as \$15).

\$2 per head saved on freight from Liverpool to London had the meat been sold at Liverpool or Manchester or shipped to London. 2 00

$\frac{1}{2}$ c. a pound commission charges. 4 00

Total. \$33 50

(Note: We should own our own ships.)

Saving slightly over 4 cents.

The price of live cattle. 17c.

By shipping the beef a saving of 4c. 04c.

13c.

If dressed in Canada and sold in England at 13 cents per pound the returns would have been equal to what they were when shipped alive.

Sir HENRY DRAYTON: That is, 13 cents for the dressed meat would be equivalent to 17 cents for the other?

Mr. SALES: Would be equivalent to shipping them alive.

Sir HENRY DRAYTON: So that if you sell dressed meat killed in Canada, getting credit for your offal and your freight saving, you would only get 13 cents per pound as against a sale price of the live stock of 17 cents per pound? Is that right?

Mr. SALES: Yes, shipped alive. This is a comparison between shipping live cattle and cattle killed over here and shipped over as dressed.

The CHAIRMAN: Suppose you sold the cattle dead at 13 cents a pound in the Old Country that would be as good as what amount sold alive?

Mr. SALES: The same thing.

The CHAIRMAN: Seventeen cents.

[Mr. Thomas Sales, M.P.]

Mr. SALES: No sir. As Mr. McLean explained, in 1922 the cattle averaged 17 cents shipped alive whereas if they had been dressed in Canada and sold in England at 13 cents per pound the returns would have been equal to what they were when shipped alive.

The CHAIRMAN: If they had been killed and dressed in Canada?

Mr. SALES: Yes, and carried over as dressed beef and sold for 13 cents, they would have realized just the same money. That is the point I am trying to make.

Last summer I hurriedly prepared a memorandum for Hon. Mr. Low just as he was leaving for England on this subject, in which I set out the necessity for dressing cattle in the English style. The marketing of offals in the Old Country and also the view that trade in dressed meat should not be confined to beef alone, as I was of the opinion that this could be extended to both pork and mutton in this connection. Again quoting from the U.K. returns, prices of fresh pork from the Netherlands as compared with prices of bacon from Canada for the same period:

1922

Netherlands—

	Cwt.	£	per pound
Fresh Pork.. . . .	408,003	2,120,130	22½c.
Canadian Bacon.. . . .	654,798	3,874,273	25c.

Sir HENRY DRAYTON: The Canadian price was 25 cents?

Mr. SALES: Twenty-five cents as compared with 22½ cents for Netherlands Fresh Pork.

1923

Netherlands—

	Cwt.	£	per pound
Fresh Pork.. . . .	290,179	1,541,094	22⅔c.
Canadian Bacon.. . . .	750,457	3,494,188	20⅓c.

1924

Netherlands—

	Cwt.	£	per pound
Fresh Pork.. . . .	447,843	2,214,346	21.17c.
Canadian Bacon.. . . .	1,062,429	4,849,741	19¾c.

19½ cents is the same price as quoted by Dr. Grisdale before the Agricultural Committee this year, 1925. All calculations based on exchange at 4.80 to the pound.

Mr. McKAY: Fresh pork would be the whole pig?

Mr. SALES: I imagine it would be less the head, dressed.

It is my opinion that the development of a trade of this kind need not necessarily and should not interfere with the shipping of live cattle, and the bacon business that is being at present carried on, but should merely lead to the extension of our markets. For instance, unsprayed female cattle are not allowed to land in England as feeders or stockers, but must be slaughtered on arrival. I pointed out in my memorandum to Mr. Low and I asked him to confirm this while he was over in the Old Country that beef from heifers in the Old Country commands higher prices than steer beef, while exactly the contrary is in effect in Canada where there is a considerable cut in the price between heifers and steer beef. For what reason I have never quite understood.

[Mr. Thomas Sales, M.P.]

EXHIBIT No. 102

Insert at page A16 of MSS.

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Sales and Average Prices of Cattle at Winnipeg, 1922.

Classification	1922	Percentage marketed 4 months in year, August to November	Average Price for 4 months August to November	October price
	Average Price for year			
	\$ cts.		\$ cts.	\$ cts.
Steers, 1,200 lbs. and up.....	4 98	over 53%	4 26	4 00
Steers, 1,000 lbs. to 1,200 lbs.—				
Good.....	5 46	50%	4 71	4 35
Common.....	3 60	over 76%	3 47	3 23
Steers, 700 lbs. to 1,000 lbs.—				
Good.....	5 60	over 35%	4 64	4 30
Common.....	3 75	over 50%	3 25	3 02
Heifers—				
Good.....	4 85	over 59%	4 41	4 05
Fair.....	3 78	over 76%	3 68	3 42
Common.....	2 76	over 76%	2 60	2 53
Cows—				
Good.....	3 72	over 58%	3 25	3 04
Common.....	2 62	71%	2 49	2 50

DOMINION BUREAU OF STATISTICS—INTERNAL TRADE BRANCH

Sales and Average Prices of Cattle at Winnipeg, October, 1922.

Classification	Number Sold October, 1922	Average Price October, 1922
		\$ cts.
Steers, 1,200 lbs. and up.....	1,718	4 00
Steers, 1,000-1,200 lbs.—		
Good.....	2,304	4 35
Common.....	1,660	3 23
Steers, 700-1,000 lbs.—		
Good.....	372	4 30
Common.....	399	3 02
Heifers—		
Good.....	2,663	4 05
Fair.....	3,799	3 42
Common.....	2,121	2 53
Cows—		
Good.....	2,747	3 04
Common.....	4,599	2 50

5/6/25/EA.

I am furnishing a list of the yearly average prices of live stock in Win-nipeg during the years 1922, 1923 and 1924, in which the prices were:

1922	Good Steers	5 46	Good Heifers	4 85
1923	Good Steers	5 57	Good Heifers	4 88
1924	Good Steers	5 27	Good Heifers	4 73

Nature has her own way in insisting that a proportion of females shall be born, and there is quite a good proportion of them in the cattle business.

[Mr. Thomas Sales, M.P.]

On page 558 of the Canada Year Book I find that 66,774 good heifers were marketed as compared with 62,005 steers over 1,200 pounds and upwards and 68,256 steers of 1,000 to 1,200 pounds.

I want to impress that upon your mind, Mr. Chairman, that we have a lot of heifer beef in this country.

In this connection it might also be pointed out that there is a large market in the industrial and colliery districts of Great Britain for good cow beef and the cut in the price in this country on this class of cattle is much heavier than in the case of heifers, whereas the price in England is slightly lower than for steers. Comparing the same period again, I find that they marketed 80,014 good cows, the average price being 3.72 in 1922, 3.50 in 1923, and 3.45 in 1924, in the Winnipeg market nearly \$2.00 per cwt. below the price for steers.

Sir HENRY DRAYTON: These are all in the Winnipeg market?

Mr. SALES: In the Winnipeg market.

Sir HENRY DRAYTON: Nearly \$2.00 per cwt. below the price for steers?

Mr. SALES: Yes sir.

Mr. McKAY: Were these young cows or old cows?

Mr. SALES: Good young cows.

Sir HENRY DRAYTON: To what point does that take us?

Mr. SALES: The point is this; Carry on your shipping of steers, if you can reduce your rates; dress your heifers here and your cows and sell them over there, and shorten up the spread in those prices; widen your market.

Sir HENRY DRAYTON: For your heifers and cows you cannot get value here, but there is a good market in England?

Mr. SALES: Exactly.

Reverting to the shipments of pork again, I would state that the class of pork which commands the highest price in the Old Country is what is termed Shop Hogs, that means a hog which is suitable for being cut up into roasting joints and roasted with the rind or what is popularly known as crackle and may be sold without removing any of the fat.

Quoting again from the Canada Year Book, page 558, which shows that 138,052 shop hogs were marketed in 1923, select hogs for the same period, 152,856, heavy hogs 66,243. While the shop hog commands the highest price in England there is again in this country a serious cut in the price.

Sir HENRY DRAYTON: Which is the best, the shop or the select hog?

Mr. SALES: The select goes into the bacon trade, the Wiltshire trade.

Sir HENRY DRAYTON: You do not give the number of heavy hogs?

Mr. SALES: Yes, 66,243. We have the Wiltshires making the highest price, and we cut the price here. The quotations are:

Winnipeg.

For 1923—

Select hogs	9 57
Shop hogs	8 00
Heavy hogs	7 79
Extra heavy	6 94

For 1924—

Select hogs	8 35
Shop hogs	7 20
Heavy hogs	6 52
Extra heavy	6 02

I am not suggesting that we should relinquish our efforts to compete with Denmark in the production of bacon at all, or stop the shipment of live cattle especially if rates can be reduced, but I am suggesting that we could widen our markets and secure better prices for these other grades of hogs and our heifers and good cows.

I was greatly interested in my visit to the Old Country two years ago, to see that the old conditions still existed to a large extent. Heifers still command the same premium over steers that has existed ever since I can remember. The English farmer was still confining his production of hogs to practically two classes, the shop hog and the heavy or extra heavy hogs, and was not troubling himself at all about the type of hog known in this country as a select hog, suitable for the Wiltshire bacon trade.

You do not see them Sir.

The CHAIRMAN: Even in Wiltshire?

Mr. SALES: Wiltshire is only a particular style of cut.

We must credit him with having sense enough to produce what he knows that his market requires. I contend we could materially close up these price spreads which exist in our live stock markets if we could successfully carry on a dressed meat trade.

You will note, Mr. Chairman, that all through my remarks I have not used the term "chilled meat," I have used the term "dressed meat" and intentionally so. Every time the term "chilled meat" is used everybody's mind reverts to the Argentine chilled meats, and my contention is that we are in an entirely different class from the Argentine. I would be the first to admit that if our beef is in the same class as Argentine we cannot hope to compete. May I state that my long experience in the butcher business, extending over 24 years, has proved to me that meats need to be hung or conditioned for a period of nine or ten days, and the men engaged in the higher class meat trade in the Old Country, deliberately slaughter their animals and hang them up for that period before selling to the consumer in order that the meat may be tender. It is obvious that anyone giving the matter a little thought must see that we in Canada are just in a position to give the Englishman exactly what the best class of trade demands.

I suppose it will be asked what recommendations should be made in order to put this business into effect. It is my opinion that there should be co-operation in this from the Government, the Railways, the Ocean Shipping Companies, the Packers, the Farmers' Live Stock Co-Operative Shippers Association and the farmers themselves.

As to the part that each of these bodies should perform:

First: The Government's part in this experiment should be to guarantee to the farmer who allows his cattle to enter into this trade, the same price as if he sold them on the live market, and furnish the funds to carry on the experiment. The funds for this should be taken from the consolidated revenue as being a portion of the amounts paid into this revenue from the administration of the Grain Act, which totals several hundred thousand dollars. No sound objection could be taken by any of the taxpayers in Canada to this as the money has been derived from the farmers and is being used to develop markets for the farmers. Having proved the experiment the Government should then demand that the farmers organize themselves and carry on the business similar to what has been done in respect to the Grain trade in the West.

Second: The part the Railway should play in this experiment is that they should provide refrigerator cars and ice for those cars from the point of slaughter to the vessels at the dock at ordinary commodity rates.

That an in-transit rate should be put into effect for cattle feeding purposes the same as exists in the carrying of wheat, flour, and wheat products,

[Mr. Thomas Sales, M.P.]

known as the Milling In-transit rate, whereby the Mill has the privilege of stopping wheat in transit, grinding it into flour and carrying on the product on the through rate at the payment of one cent per hundred pounds for the stop over privilege. If such a rate as this could be brought into operation, it would be possible for Eastern feeders to purchase Western cattle at Winnipeg and bring them on to Ontario or Quebec on the through rate to Toronto or Montreal, stopping them off for the necessary time for finishing them and carrying them on for the payment of one cent per cwt. for the privilege of the stop over. It seems hard to understand why one class of export business should be favoured and another class of export business debarred from the same treatment.

Third: The part the Ocean Shippers should play in this experiment:

Contending as they do at present that the carrying of live cattle is an unprofitable business, they should be willing during the period of the experiment to provide refrigerator space and carry this dressed beef free.

The question will be asked, what about getting paid for the service after. My answer is if we can succeed in overcoming the prejudices of the Englishman against imported meat, and can succeed in raising the price to say near the home killed price that $1\frac{1}{4}$ cents or $1\frac{1}{2}$ cents per pound for transportation charges, could be easily borne.

Fourth: The part the Packers should play in carrying on this experiment is to organize or help organize the slaughtering end and the marketing end, in order to prevent the English butcher from selling this meat as English home killed meat, and to provide that Canada may get credit for what she produces it would be necessary to open up say one or two retail shops to begin with, preferably at Liverpool and Manchester in which nothing but Canadian products would be sold. Canadian beef, pork, mutton, lamb, bacon, cheese, butter and eggs. This shop to be known purely as a Canadian shop and should be well advertised as such. Representatives of the farmers should be included in the management in the carrying out of this part of the business.

Fifth: The part the farmer should play:

This brings up the point raised by Mr. McLean on page 17 of this report. He states that—"Canada, up to the present has failed to realize on her national endowments. The chief cause of her failure is that her beef cattle are not good. Canada produces large numbers of beef cattle, which are as good as any produced in the world, but taking our herds on the whole, we have to face the fact, that the average is poor, and the further fact that Canada does not make the most of the cattle she does produce. This can only lead to one conclusion that our cattle must be better bred and better fed." My opinion is that the Federal Government should join with the Provincial Governments in the beef raising provinces in an endeavour to secure concurrent legislation whereby the castration of all male animals, except those inspected and approved by should be compulsory.

In this connection let me point out that under the Live Stock Breeding Act, passed in 1923, Ireland has already taken this step in the determination to improve the quality of her cattle.

The Irish Government has taken to itself very wide and drastic powers including that every bull must be licensed and that the Minister shall not grant a license for any bull which appears to be calculated to beget defective or inferior progeny, and further that he may declare that any particular breed or breeds or any particular type or types of bull is or are unsuitable for any specified area or areas.

I am quite aware that a great deal of educational work will be required before our farmers will readily submit to such drastic regulations as these, but after mature thought on the question I feel sure that they will recognize that

a great and rapid improvement in the quality of Irish cattle is bound to be the result, and that if we fail to keep step in this connection it can only result in the failure to hold our ground in the British market.

I fully realize that the very mention of such a course as this will immediately arouse the most violent antagonism, but I feel that I would be failing in my duty to the farmers if I did not draw their attention to the steps that are being taken by one of their most formidable competitors."

Our Government has been spending vast sums of money for many years in a laudable attempt to improve the quality of our live stock, and yet it is recognized and freely admitted by the officials of the Department of Agriculture that the average of the cattle passing through our markets to-day is very much poorer than it was 25 years ago. The need for some such action is made apparent by a study of these returns.

1923	Good	Fair	Common
Steers 1,000 to 1,200 pounds..	69,256	..	24,035
Steers 700 to 1,000 pounds	53,087	..	35,266
Heifers..	66,774	33,198	30,471
Cows..	80,014	..	73,221
Bulls..	13,342	..	40,341
Stockers 450 to 800 pounds.. ..	48,944	59,984	
Feeders 800 to 1,000 pounds ..	71,667	54,345	
Canners and cutters.. . . . .	..	..	40,341
Steers over 1,200 pounds.. . . .	402,084	147,527	243,685
Steers over 1,200 pounds.. . . .	62,000	..	147,527
			391,212

Of all cattle graded, percentage graded good, 54 per cent.

Here is the point: Giving them credit for the 1,200 pound steers being good, and I know they are not all good, the percentage of good cattle is only 54 per cent.

The Farmers must also realize the importance of having a regular and continuous supply of beef for this trade. The haphazard methods pursued in the past of heavy marketing at one period and nothing being available at another period cannot be continued, and they must assume responsibility for the supply.

In this connection I would like to put in the table of the sales and average prices of cattle marketed in Winnipeg during the four months, August to November, 1922.

Mr. McLean points out that in order to keep her agricultural industry sound Canada should produce a great surplus of cattle. This surplus must be marketed outside the limits of Canada. Our natural market is the United States but for the present we are excluded in a measure from the market. The exclusion may be temporary. If on the other hand it should be permanent then we must look to Great Britain as a market for our surplus cattle.

He says that (1) we must improve the quality of our herds, (2) we must carry on cattle finishing as well as cattle breeding. He points out that "Great Britain is a very discriminating buyer, and that she will have nothing but the best." In all this I heartily agree with him.

The great change in farming methods which is rapidly taking place especially in the West of growing pasture and fodder crops such as sweet clover, corn and sunflowers, enabling the farmer to grow large amounts of feed instead of following the practice of bare summer fallow opens up tremendous possibilities in the matter of meat production and emphasizes most strongly the urgent need at the moment for a very careful study of the whole question of marketing our live stock products.

[Mr. Thomas Sales, M.P.]

Just a word on the steamship refrigerator question. I noticed that in the Special Railway Committee slight mention was made of equipping the Canadian Government Merchant Marine with refrigerating space that might cost around \$250,000. I must earnestly protest against anything of the kind being done. This service will require the fastest boats, eight day boats, not fourteen day boats, and I am informed by the Companies themselves that both the White Star and Canadian Pacific Railway fast passenger boats are already equipped with cold storage chambers, and that practically rails and hooks are the only additions that need to be made.

In conclusion let me point out that having regard for the enormous quantity of meat imported by the Old Country, 19,772,649 cwt. practically one million tons of dead meat alone for the year 1924, to say nothing of live cattle or bacon, the splendid opportunities possessed in this great Dominion of ours, that we are not justified in sitting idly by, without making a serious attempt to capture a market to which undoubtedly we are in the best position geographically of any country in the world.

The CHAIRMAN: That would be a cwt. of 112 pounds?

Mr. SALES: 112 pounds.

The essential thing is to keep up the quality of our products, a regular and continuous supply, and unless it is determined that the experiment shall be a period of considerable duration, it will be far better not to attempt it. In my opinion Canada is missing to-day a great opportunity.

Sir HENRY DRAYTON: Taking all those meats you have there, would there or would there not be any objection to their being mixed in the same refrigerator?

Mr. SALES: I really could not tell you; I do not know. I do not know whether they would mix bacon with beef or with cheese.

Sir HENRY DRAYTON: Bacon does not require refrigeration? I am talking of fresh hogs.

Mr. SALES: Oh yes, hogs, beef and mutton can all hang in one chamber.

Sir HENRY DRAYTON: You have always the usual wrappers on them?

Mr. SALES: Yes, a sort of cheesecloth.

Sir HENRY DRAYTON: Is there any reason why butter could not be carried?

Mr. SALES: I do not think it would be wise, Sir Henry; butter very readily absorbs anything.

Sir HENRY DRAYTON: You could not mix it with the three meats?

Mr. SALES: In the report of this Commission I was speaking of, the Food Council of Twelve, it is stated:—

“Developments in the Dominions raise issues of great importance to the consumer in this country, and we are of opinion that your Majesty’s Government may find it desirable to discuss with the Dominion Governments the possibility of encouraging, in the interests of the producer and consumer, the flow of food from the Dominions to the markets of this country.”

I think that this particular item should be brought to the attention of the Government.

The CHAIRMAN: I wish, Sir, on behalf of the Committee and myself to thank you for your attendance and the valuable information you have furnished.

The Committee adjourned.

Special Committee appointed to consider the

Resolution

to give the Government of Canada control over
certain ocean rates

Proceedings of the Committee

No. 29—Thursday, June 11, 1925

EXECUTIVE SESSION

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM No. 268,

THURSDAY, June 11, 1925.

The Committee met at 11.30 o'clock p.m., the Chairman, Mr. McMaster, presiding.

Present: Messieurs Sir Henry Drayton, Duff, Sir Eugene Fiset, Halbert, Johnston, McKay, McMaster, Hon. E. J. McMurray, Rinfret, Shaw, Hon. J. E. Sinclair, Hon. H. H. Stevens, Stork—13.

On motion of Mr. Shaw, seconded by Hon. Mr. Stevens,

Agreed, That the salaries and expenses of Mr. Gordon W. Scott and such members of his staff as were engaged in the examination of the accounts of the steamship lines, as ordered by Resolution of this Committee under date of Friday, April 24, 1925, be paid.

The draft Report prepared by the Chairman was again under discussion.

The Committee adjourned at 1.05 o'clock p.m., to meet again at 4 o'clock p.m., this day.

The Committee reassembled at 4 o'clock p.m., the Chairman, Mr. McMaster, presiding and with the same Members attending as in the morning.

The Chairman's draft Report was further discussed.

The Committee adjourned at 6.05 o'clock p.m., to meet again at 8.30 o'clock p.m.

The Committee reassembled at 8.30 o'clock p.m., the Chairman, Mr. McMaster, presiding, and with the same Members attending as at the previous session.

The Chairman's draft report was further discussed.

The non-contentious clauses having been disposed of,

Mr. Shaw moved that all the words after the word "Your" in the first line of the introduction to the recommendations of the Committee be struck out and the following substituted therefor, "Committee are not now, under all the circumstances, prepared to recommend the approval of the contract contained in the Resolution referred to the Committee".

Hon. J. E. Sinclair moved in amendment that all the words after the word "Committee" in Mr. Shaw's motion be struck out and the following substituted therefor, "therefore, in view of the foregoing and before pronouncing themselves either favourably or unfavourably on the contract, would sum up their recommendations as follows:—"

Discussion followed.

The question being put on the amendment it was agreed to in the affirmative, on division, Yeas, 7; Nays, 4. The names being called for were taken down as follows:—

Yeas—Messrs. Sir Eugene Fiset, Johnston, McKay, Hon. J. E. McMurray, Rinfret, Hon. J. E. Sinclair, Stork—7.

Nays—Messrs. Sir Henry Drayton, Halbert, Shaw, Hon. H. H. Stevens—4.

Pair—Messrs. Black and Duff.

The question being put on the amended motion it was agreed to on the same division.

Mr. Rinfret moved the adoption of recommendations Nos. III, IV and V as amended.

Discussion followed.

The question being put it was agreed to in the affirmative, on division, Yeas 7; Nays 3. The names being called for were taken down as follows:—

Yeas—Messrs. Sir Eugene Fiset, Halbert, Johnston, McKay, Rinfret, Hon. J. E. Sinclair, Stork—7.

Nays—Messrs. Sir Henry Drayton, Shaw, Hon. H. H. Stevens—3.

Pair—Messrs. Black and Duff.

Mr. McKay moved that the Chairman be instructed to present the Report as amended to the House as the Report of the Committee, the amended Report reading as follows:—

SIXTH REPORT OF THE SPECIAL COMMITTEE APPOINTED TO CONSIDER THE RESOLUTION TO GIVE THE GOVERNMENT OF CANADA CONTROL OVER CERTAIN OCEAN RATES

The Special Committee to whom was referred the Resolution of the House of Commons of date March 20, 1925, beg leave to present the following as their

SIXTH AND FINAL REPORT

Your Committee have held forty-six meetings, have heard thirty-six witnesses and have had produced before them a large number of documents of which one hundred and two were filed as exhibits.

Mr. Gordon W. Scott, C.A., has examined and reported upon the figures supplied him by the steamship companies and has also made certain test examinations of the books of the Canadian Pacific Railway steamships. The Committee have had before them Mr. H. J. Symington, K.C., while the Conference Lines were represented by Messrs. A. W. Atwater, K.C., G. H. Montgomery, K.C., E. P. Flintoft, and C. Russell McKenzie; while Mr. H. H. Donald appeared on behalf of Sir William Petersen.

Without attempting to fully review the evidence which is produced herewith, it may be noted that the findings of the Special Committee on Agricultural Conditions, which sat during the session of 1923, to the effect that a conference or combine of steamships trading in the North Atlantic existed, and that such conference or combine fixed rates, has been amply borne out in the course of the enquiry held by your Committee.

Indeed, on the present occasion the steamship companies admitted the existence of such a rate-fixing conference, coupling their admission with the contention that the conference system was of public advantage, and that the rates charged under it were fair and reasonable to the shipper; indeed, contending that they were at this time too low to give an adequate return to the steamship owners.

Be that as it may, the following facts should be noted:—

Although fairness demands that it be admitted that operating costs of all businesses have greatly increased over pre-war levels, yet the increases which have been brought before us in the transportation costs of certain commodities show certain of these altogether out of line. Thus, although wheat and flour, constituting a preponderating proportion of the exports from Canadian ports, are now carried at rates closely approximating those which prevailed eleven or twelve years ago, although certain other rates show increases of 25 per cent, of 53 per cent, of 76 per cent, and others approximately 100 per cent, others again present increases which are startling. Thus, evaporated apples in boxes have increased 150 per cent; binders, cultivators, mowers, reapers, threshing machines 249 per cent; hardware, 262 per cent; organs, 400 per cent; while packed meats, bacons, hams, etc., show an increase of 119 per cent; butter in ordinary storage of 170 per cent; butter in refrigerators, 181 per cent; eggs in ordinary storage, 214 per cent. The real reason for such extraordinary differences between the rates charged for grain and flour and those charged for other products above mentioned appears to lie in the fact that tramp competition is an important factor in the fixation of rates by the conference in regard to such products as grain and flour, while in respect to package freight, which as a rule cannot be shipped in entire cargoes, the liners in the conference enjoy a quasi-monopoly. The main object of this quasi-monopoly is to raise the level, or prevent the fall, of rates by united and uniform action, as admitted by the conference lines themselves.

The large shipper of grain or flour may and does employ tramp steamers to take entire ship loads of these commodities from North Atlantic ports to Europe or elsewhere. The shipper, be he large or small, of leather, butter, packed meats or manufactured articles rarely has the relief which the tramp affords open to him, and therefore must pay the rates exacted by the conference lines, who, it is only fair to state, in return give to the exporter regularity of sailings and dispatch such as the tramp does not afford.

Your Committee spent a considerable part of their time in the examination of the question as to whether the rates charged by the conference lines were higher than they should be, as well as into the contention of the steamship companies that the rates at present in force and obtaining for the past two years, did not give them an adequate return on their investment. The auditor of your Committee, upon figures supplied him by the steamship companies, presented a statement showing that in the year 1923 the cargo steamers engaged in the North Atlantic trade, before charging lay-up expenses and depreciation, made a loss of \$929,963; while their passenger-cargo steamers in the same year, before charging lay-up expenses and depreciation, showed an operating credit balance of almost five and one half millions dollars; while during the next year the operating credit balance on the cargo steamers, before charging lay-up expenses and depreciation, was \$168,781; while in respect to the passenger-cargo steamers for that year such balance, before charging lay-up expenses and depreciation, was \$2,398,524. Upon the figures submitted, and taking the two years' operations together, the earnings realized would not be sufficient to pay an adequate percentage on the capital invested, together with proper allowances for depreciation. The differences of operating expenses brought out by Mr. Scott in his report (Exhibit No. 87, beginning at page 897 of the printed evidence) were as follows:—Port charges varied from the maximum of 48.98 per cent to a minimum of 33.6 per cent of the total earnings; fuel varied from 28.7 per cent to 8.6 per cent; insurance varied from 10 per cent to 2.5 per cent; repairs varied from 9.2 per cent to 2.7 per cent; management, commission and brokerage, general expenses, etc., varied from 16.9 per cent to 6.8 per cent. These differences may be due in part to different modes of book-keeping pursued by the various conference lines, but may also be due to the presence

in the trade of ships differing so widely in cost of operation as to suggest the probability that certain of the ships either through age or otherwise may be unfitted for the trade.

Without questioning in any way the good faith of the lines, it must be remembered that Mr. Scott in arriving at his figures had to depend, to the extent of about 95 per cent, upon figures submitted to him by the lines, without an opportunity of verification, except in respect to the Canadian Pacific steamships in connection with which certain test examinations were made which were found satisfactory. It is of interest to the Government and people of Canada to know exactly why such variation should exist in the operating expenses of the various lines serving Canadian ports and further investigation is desirable, if not imperative along these lines.

In the course of the examination of Captain Hocken, Master of the ss. *Rio Dorado*, one of Sir William Petersen's corrugated ships, and in the evidence of Sir William Petersen himself, strong claims were made as to the efficiency and economy of operation of such ships. It is submitted, however, that one voyage, or rather the result of part of a voyage from Hull to Montreal and thence to Hamburg, cannot be taken as sufficient evidence on which to base a definite conclusion as to the superiority of Sir William Petersen's corrugated ships over vessels of similar size but of usual construction. Apparently expert opinion has as yet not been thoroughly satisfied as to the advantages offered by this mode of construction.

It would appear, therefore, wise to obtain further information as to the earnings of the conference lines and their cost of operation, as well as similar data concerning Sir William Petersen's ships before attempting to pass judgment upon the contract referred to this Committee. It would therefore appear advisable that a further investigation be made into the situation in order that there may be presented to the Government of Canada a true and exact representation of the situation as regards the earnings and operating expenses of the North Atlantic Shipping trade, and that such further investigation should be made as may be necessary to verify the correctness of the claims made on behalf of Sir William Petersen's ships, and for this purpose that their earnings and operating expenses be accurately determined.

Meanwhile your Committee feel that the situation demands that something should be done for the relief of shippers who find their trade seriously hampered through unreasonable ocean freight rates. To such persons it is no consolation for them to learn that the conference lines state that they are not making money and that the rates charged by them are said to be due to the desire of the steamship companies to recoup themselves for losses incurred in the carriage of other products below economical rates. High freight rates may be due to entirely different causes such as the expense of operating ships unfitted by age or conversion or otherwise for the trade, as has already been suggested. The fact that the west bound traffic offers cargoes on the whole of less than 25 per cent has, of course, a tendency to raise east bound rates.

Various commissions and committees who have looked into this subject have expressed themselves as being alive to the danger to the public interest which arises through an uncontrolled monopoly.

If the conference system is to be tolerated—and effective action to restore open competition appears only possible by the united action of all the maritime powers of the world—some means of control must be sought.

The question of how such control is to be secured is not easy of solution. The placing of unduly onerous burdens upon ships trading to Canada might drive them to other ports. The legal power of Canada to legislate

in respect to ships other than of Canadian registry is at best doubtful. It is to be remembered, however, that the foreign trade of Canada is of large actual, and of very great relative importance. Few nations have greater interest than ourselves in the obtaining of fair and reasonable rates for ocean carriage of our products to the markets of the world. The growth of our country in no small measure depends on our success in this direction and few other than ourselves are more interested in this growth than the steamship companies who now trade to our Canadian ports.

Your Committee, therefore, in view of the foregoing and before pronouncing themselves either favourably or unfavourably on the contract would sum up their recommendations as follows:—

I. That the examinations into the books of the Conference Lines by Mr. Gordon W. Scott, C.A., be continued in Britain and elsewhere in order to determine whether the rates now charged are excessive, to explain discrepancies in operating costs, to verify the figures submitted and in short to prepare an accurate representation of the North Atlantic shipping situation, the Conference Lines having declared their willingness to submit to such examination.

II. That he also be instructed to make like examinations into the books kept by or in connection with the ships of Sir William Petersen who has declared a like willingness, and that he should report his conclusions to the Government on both phases of his enquiry.

III. That Sir William Peterson should be given an opportunity, if he so desires, of substantiating the claims made by him in respect to his ships.

IV. That to this end tests should be made of the actual performance of these ships in the North Atlantic Canadian trade under careful and expert supervision both of the earnings, operating costs, managerial expenses and performance at sea and in port of such ships.

V. Inasmuch as it is in the public interest that these tests should be made, and that they should be effective and fair to all parties, Sir William Petersen should be given the opportunity to demonstrate the economies of his ships under conditions which will ensure freedom of competition in the obtaining of cargo.

VI. That all members of the North Atlantic or other conferences trading to Canadian ports be required to file with the Board of Railway Commissioners all conference agreements, freight rate schedules, and such other information as may be desired, and that the Board be constituted a tribunal for the hearing of complaints, and the recommendation of maximum rates.

It is to be noted that publicity is in itself a strong remedial instrument for the correction of injustice and unfairness. Great transportation companies, strenuously competing in respect to service for Canadian overseas trade cannot afford to flout Canadian public opinion. It cannot be doubted that a great institution almost national in character, such as the Canadian Pacific Railway, should and it is believed would loyally comply with the recommendations of the Board of Railway Commissioners. Such action, coupled with similar action by the Canadian Government Merchant Marine would almost inevitably force the other lines trading to Canadian ports also to comply, and thus a reasonable effective measure of control might be looked for with some considerable degree of confidence.

VII. In order to ensure harmony in the control of shipping throughout the British Empire and that Canadian autonomy in all matters pertaining to shipping within the territorial waters of Canada be preserved beyond peradventure your Committee beg to recommend that the alleged conflict between the Merchants Shipping Act and the British North America Act shall be the subject of conference between the Canadian Government and the British Government at an early date.

VIII. It appeared in the course of your Committee's investigation that a ship-owner desiring to obtain British registry for his ship need only present a Lloyd's certificate in order to establish the seaworthiness of his vessel, but that if he desires to obtain Canadian registry the ships must undergo an examination or survey by the Canadian Government as well as that conducted by Lloyd's or some similar institution. Thus a very substantial and altogether unnecessary expense is placed upon the ship-owner desiring to obtain Canadian registry for his vessel and your Committee recommend that the Canadian regulations should be amended to remove this disadvantage.

IX. It would also appear that co-operative action among shippers to retain space would effect a substantial reduction in freight rates. This is exemplified in respect to cold storage for butter. The Conference Lines who charge almost as much to carry butter from Montreal to Liverpool as they do from New Zealand to Liverpool complain that their refrigerator space is made full use of for only a comparatively short part of the season, and that were they assured of adequate demands for their space, they could substantially cut the rate. It would appear that co-operation between shippers who could take firm a large portion of the refrigerated space offered, would obviate the difficulty in which the lines find themselves, and should greatly inure to the benefit of both parties. This solution would appear to be open to the produce exporters of this country, were the necessary faith in each other essential to successful co-operation present.

X. Your Committee further recommend that the Order of Reference, Reports, Proceedings and the Evidence given before the Committee, together with a suitable index to be prepared by the Clerk of the Committee, be printed as an appendix to the Journals of the House of the present session and that 750 copies in the English language and 250 copies in the French language be printed in blue book form for distribution.

Your Committee submit herewith for the information of the House a copy of their Proceedings, the evidence given before the Committee and also certain documents filed with the Committee.

All of which is respectfully submitted.

ANDREW R. McMASTER,
Chairman.

The question being put it was agreed to in the affirmative on division.

The Committee adjourned at 10.35 o'clock, p.m., sine die.

S. R. GORDON,
H. D. DEWAR,
Clerks of the Committee.

